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THE INDIAN HOTELS COMPANY LIMITED
A TATA Enterprise

PURPOSE

PASSION

PERFORMANCE

# Subsidiaries Accounts 2022-23

# CONTENTS

# Independent Auditors' Report

**To the Members of BENARES HOTELS LIMITED**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Benares Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### 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 the matter described below to be the key audit matter to be communicated in our report.

| Key Audit Matter | Description | Our Response |
|---|---|---|
| Impairment assessment of Property, Plant and Equipment (PPE) of one hotel unit. | In view of the continuing operating losses made by one hotel unit (with a carrying value of PPE of INR 1,197.42 lakhs as at March 31, 2023), and due to significant management and auditor judgement involved in impairment testing, we identified this matter as a Key Audit Matter.<br>At the end of each year, management reviews the carrying amount of the assets to determine if there is any indication of impairment loss. If any such indication exists, management assesses the recoverable amount of those assets.<br>The Company used the discounted cash flow approach to determine the recoverable value of those assets. Management also carries out an independent market valuation of the hotel building once in three years.<br>The estimation of the recoverable amount of the assets at the unit involves management judgements and is dependent on certain assumptions and significant inputs which are affected by expected future market or economic conditions of the hospitality industry. Due to the level of uncertainties and judgment involved, changes in these assumptions could have significant impact on the recoverable value of those assets. | Our audit procedures in relation to impairment testing of the unit were:<br>– Understanding the management's and those charged with governance (TCWG)'s process for estimating the recoverable amount of the assets<br>– Evaluating the reasonableness of the market related assumptions (including discount rate and long-term growth rate), judgements and key inputs considered by the management by comparing those estimates with market data and company specific information available.<br>– Tested the company specific assumptions used in the cash flow forecasts which includes occupancy rate and average room rate.<br>– To consider forecasting risk, we also performed sensitivity analysis over the cash flow projections.<br>– Evaluating the accuracy of the management's assessment by comparing the past estimates to the current year actual performance of the company.<br>– Reading the valuation report and validating key assumptions used in the valuation and rationale for those assumptions. |

# Independent Auditors’ Report (Contd.)

### Information Other than the Financial Statements and Auditors’ Report Thereon

The Company’s Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report and Management Discussion and Analysis of the Financial Performance but does not include the financial statements and our auditors’ 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 during 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 the Management and Board of Directors for Financial Statements

The Company’s Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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, Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

### Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.

# Independent Auditors' Report (Contd.)

- 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 and Board of Directors 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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 auditors' 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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (g) With respect to the other matters to be included in the Auditors' 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:

# Independent Auditors' Report (Contd.)

i. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its financial statements – Refer Note No. 30 to the financial statements.

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 during the year ended March 31, 2023.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. a) The dividend paid by the company during the year declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividends.

b) As stated in Note No.46 to the Financial Statements, the Board of Directors of the Company have proposed the final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014, regarding maintenance of Audit trail is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable for the year.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402
UDIN: 23201402BGYBUC2866
Place: Mumbai
Date: April 19, 2023

# Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Benares Hotels Limited ("the Company") on the financial statements as of and for the year ended March 31, 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, no physical verification was due in current year.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company as at the Balance Sheet date.

In respect of immovable properties of land and building that have been taken on lease and disclosed as leasehold lands / buildings under property, plant & equipment / right of use assets in the financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence t clause (i) (d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable and, the coverage and procedure adopted for such verification by the management are appropriate. No discrepancies were noticed during such verification which is 10% or more in the aggregate for each class of inventory.

b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits up to December 16, 2022 in excess of INR five crore rupees, in aggregate, from a bank on the basis of security of current assets. However, the sanction terms do not provide for filing Quarterly returns or statements with the bank. No working capital limits were sanctioned by the financial institution. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) (a) to (f) of the Order is not applicable to the Company.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues as applicable with the appropriate authorities, except for minor delays in a few cases of Tax Deducted at Source, Employee provident fund and employees' state insurance.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable except Labour Welfare Fund of INR 0.01 lakhs, Provident Fund of INR 0.15 lakhs and Employees' State Insurance of INR 0.02 lakhs which have been paid subsequently after the end of the reporting period.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at March 31, 2023, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

| Name of the Statute | Nature of the Dues | Amount demanded (net of amount paid) (INR in lakhs) | Amount paid (INR in lakhs) | Period to which amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| U.P. Trade Tax Act | Demand | 10.88 | 5.00 | FY 2006-2007 | 1st Appellate Authority, UP VAT |
| U.P. Trade Tax Act | Demand | 15.39 | 5.00 | FY 2007-2008 | |
| Luxury Tax | Demand | 1.21 | - | FY 2009-2010 to FY 2013-2014 | Assessing Officer |

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on a short-term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Act have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistleblower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, there are 6 Core Investment Companies (CICs) in the Group (basis definition of “Companies in The Group” as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period i.e. five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

# Annexure A (Contd.)

(xviii) There has been no resignation of the statutory auditors during the year and accordingly paragraph 3, clause (xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due. Also, refer Note No. 43 of the financial statements in this regard.

(xx) (a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the Company having spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the Company.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402
UDIN: 23201402BGYBUC2866
Place: Mumbai
Date: April 19, 2023

# Annexure B

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

## Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Benares Hotels Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

# Annexure B (Contd.)

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

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402
UDIN: 23201402BGYBUC2866
Place: Mumbai
Date: April 19, 2023

# Balance Sheet
as at March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 7,163.79 | 7,638.28 |
| Right of Use Assets | 6 | 118.08 | 121.11 |
| Capital work-in-progress | 4 | 64.36 | 22.77 |
| Other Intangible assets | 5 | 30.94 | 39.43 |
| | | **7,377.17** | **7,821.59** |
| **Financial assets** | | | |
| Other financial assets | 7 | 675.88 | 516.10 |
| Advance income tax (net) | | 47.09 | 98.03 |
| Other non-current assets | 8 | 50.03 | 44.14 |
| | | **8,150.17** | **8,479.86** |
| **Current assets** | | | |
| Inventories | 9 | 123.41 | 80.08 |
| Financial assets | | | |
| Trade receivables | 10 | 429.58 | 138.56 |
| Cash and cash equivalents | 11 | 982.01 | 73.98 |
| Bank balances other than cash and cash equivalents | 12 | 2,032.76 | 584.55 |
| Other financial assets | 7 | 200.96 | 75.92 |
| Other current assets | 8 | 113.41 | 75.30 |
| | | **3,882.13** | **1,028.39** |
| **Total** | | **12,032.30** | **9,508.25** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 13 | 130.00 | 130.00 |
| Other equity | 14 | 9,847.49 | 7,653.69 |
| **Total equity** | | **9,977.49** | **7,783.69** |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| Lease Liabilities | 15 | 370.72 | 363.70 |
| Provisions | 16 | 33.04 | 26.66 |
| Deferred tax liabilities (net) | 17 | 559.17 | 576.14 |
| | | **962.93** | **966.50** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18 | - | - |
| Trade payables | 19 | | |
| - Due to Micro and Small Enterprises | | 23.18 | 31.36 |
| - Due to Others | | 512.53 | 268.08 |
| Other financial liabilities | 20 | 254.62 | 202.64 |
| Other current liabilities | 21 | 273.58 | 221.30 |
| Provisions | 16 | 27.97 | 34.68 |
| | | 1,091.88 | 758.06 |
| **Total** | | **12,032.30** | **9,508.25** |
| Summary of significant accounting policies | 3 | | |

The accompanying notes form an integral part of the Financial Statements

As per our Report of even date attached

For and on behalf of the Board

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**DR. ANANT NARAIN SINGH**
Chairman
DIN: 00114728

**ROHIT KHOSLA**
Director
DIN: 07163135

**R. SURIYANARAYANAN**
Partner
Membership No. 201402

**HARISH KUMAR**
Chief Financial Officer
ICAI M. No - 534449

**VANIKA MAHAJAN**
Company Secretary
ICSI M.No - ACS34515

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : New Delhi

# Statement of Profit and Loss
for the year ended March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 22 | 9,332.50 | 4,983.96 |
| Other income | 23 | 150.42 | 9.88 |
| **Total Income** | | **9,482.92** | **4,993.84** |
| **Expenses** | | | |
| Food and beverages consumed | 24 | 836.39 | 445.58 |
| Employee benefit expense and payment to contractors | 25 | 1,171.66 | 949.90 |
| Finance costs | 26 | 36.77 | 64.81 |
| Depreciation and amortisation expense | 4/5/6 | 600.91 | 636.32 |
| Other operating and general expenses | 27 | 3,709.02 | 2,126.40 |
| **Total Expenses** | | **6,354.75** | **4,223.01** |
| **Profit/ (Loss) before exceptional items and tax** | | 3,128.17 | 770.83 |
| Exceptional items | | - | - |
| **Profit/ (Loss) before tax** | | **3,128.17** | **770.83** |
| **Tax expenses** | | | |
| Current tax | 28 | 807.11 | 21.45 |
| Deferred tax | 28 | (16.97) | 184.10 |
| **Total** | | **790.14** | **205.55** |
| **Profit/ (Loss) after tax** | | **2,338.03** | **565.28** |
| **Other comprehensive income, net of tax** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligation | | (14.23) | (5.05) |
| Less :-income tax expense | 28 | - | - |
| **Other comprehensive income for the year, net of tax** | | **(14.23)** | **(5.05)** |
| **Total comprehensive Income for the year** | | **2,323.80** | **560.23** |
| **Earnings per share:** | 35 | | |
| Basic - (₹) | | 179.85 | 43.48 |
| Diluted - (₹) | | 179.85 | 43.48 |
| Face value per ordinary share - (₹) | | 10.00 | 10.00 |
| Summary of Significant Accounting Policies | 3 | | |

The accompanying notes form an integral part of the Financial Statements

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402

Date : April 19, 2023
Place : Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH**
Chairman
DIN: 00114728

**ROHIT KHOSLA**
Director
DIN: 07163135

**HARISH KUMAR**
Chief Financial Officer
ICAI M. No - 534449

**VANIKA MAHAJAN**
Company Secretary
ICSI M.No - ACS34515

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : New Delhi

# Cash Flow Statement
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Net Profit Before Tax | 3,128.17 | 770.83 |
| **Adjustments For :** | | |
| Depreciation and Amortisation | 597.88 | 633.30 |
| Depreciation on Right of Use Assets | 3.03 | 3.03 |
| Finance Cost | - | 28.75 |
| Interest on lease liability | 36.77 | 36.06 |
| Provision for Doubtful Debts net of bad debts (reversed) | 0.01 | (11.05) |
| (Gain)/ Loss on Sale of Property, Plant and Equipment | 0.88 | - |
| Interest Income | (117.93) | (9.25) |
| Capital and Other Creditors written back | (32.00) | - |
| Bad debts written off | (18.93) | - |
| | **469.71** | **680.84** |
| **Cash Operating Profit before working capital changes** | **3,597.88** | **1,451.67** |
| **Adjustments For :** | | |
| Trade Receivables | (272.10) | (49.29) |
| Inventories | (43.33) | 2.23 |
| Non Current- Other Financial Asset | 0.75 | - |
| Other non-current assets | 22.95 | 10.53 |
| Current-Other Financial Assets | (57.99) | (3.44) |
| Other current assets | (38.11) | 40.59 |
| Trade Payables | 248.99 | 122.47 |
| Current liabilities- Other Financial Liabilities | 92.27 | 89.35 |
| Other Liabilities & Provisions | (14.56) | 14.04 |
| | **(61.13)** | **226.48** |
| Cash Generated from Operating Activities | 3,536.75 | 1,678.15 |
| Direct Taxes Paid - net | (756.17) | (60.19) |
| **Net Cash From Operating Activities (A)** | **2,780.58** | **1,617.96** |
| **Cash Flow From Investing Activities** | | |
| Purchase of Fixed Assets | (155.80) | (38.72) |
| Sale of Property, Plant and Equipment | 0.86 | - |
| Interest Received | 50.88 | 5.54 |
| Bank Balances not considered as Cash and Cash Equivalents | (1,608.74) | (1,020.04) |
| **Net Cash Used In Investing Activities (B)** | **(1,712.80)** | **(1,053.22)** |

# Cash Flow Statement
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Financing Activities *** | | |
| Interest Paid | - | (34.74) |
| Payment of lease liabilities | - | - |
| Payment of interest on lease liabilities | (29.75) | (28.90) |
| Repayment of short-term borrowings | - | (550.00) |
| Dividend Paid (Including tax on dividend) | (130.00) | - |
| **Net Cash Used In Financing Activities (C)** | **(159.75)** | **(613.64)** |
| Net Increase/ (Decrease) in Cash and cash equivalents (A + B + C) | 908.03 | (48.90) |
| Cash and cash equivalents - Opening (Refer Note 11) | 73.98 | 122.88 |
| Cash and cash equivalents - Closing (Refer Note 11) | 982.01 | 73.98 |

* Refer foot note under Borrowings (Note 18) for Net Debt Reconciliation.

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402

Date : April 19, 2023
Place : Mumbai

For and on behalf of the Board

**DR. ANANT NARAIN SINGH**
Chairman
DIN: 00114728

**HARISH KUMAR**
Chief Financial Officer
ICAI M. No - 534449

Date : April 19, 2023
Place : Mumbai

**ROHIT KHOSLA**
Director
DIN: 07163135

**VANIKA MAHAJAN**
Company Secretary
ICSI M.No - ACS34515

Date : April 19, 2023
Place : New Delhi

# Statement of Changes in Equity
as at March 31, 2023

(₹ lakhs)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | Grand Total |
|---|---|---|---|---|---|
| | | Capital Reserve | General Reserve | Retained Earnings | |
| **Balance as at April 1, 2021** | 130.00 | 0.86 | 2,167.22 | 4,925.38 | 7,223.46 |
| Changes in accounting policy/prior period errors | - | - | - | - | - |
| **Balance at the beginning of the reporting period** | **130.00** | **0.86** | **2,167.22** | **4,925.38** | **7,223.46** |
| Profit for the year ended March 31, 2022 | - | - | - | 565.28 | 565.28 |
| Remeasurements of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L) | | | | (5.05) | (5.05) |
| **Total Comprehensive Income for the year ended March 31, 2022** | **-** | **-** | **-** | **560.23** | **560.23** |
| Dividends | | | | - | - |
| **Balance as at March 31, 2022** | **130.00** | **0.86** | **2,167.22** | **5,485.61** | **7,783.69** |
| **Balance as at April 1, 2022** | 130.00 | 0.86 | 2,167.22 | 5,485.61 | 7,783.69 |
| Changes in accounting policy/prior period errors | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **130.00** | **0.86** | **2,167.22** | **5,485.61** | **7,783.69** |
| Profit for the year ended March 31, 2023 | - | - | - | 2,338.03 | 2,338.03 |
| Remeasurements of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L) | | | | (14.23) | (14.23) |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **-** | **-** | **2,323.80** | **2,323.80** |
| Dividends | | | - | (130.00) | (130.00) |
| **Balance as at March 31, 2023** | **130.00** | **0.86** | **2,167.22** | **7,679.41** | **9,977.49** |

As per our Report of even date attached

For and on behalf of the Board

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**DR. ANANT NARAIN SINGH**
Chairman
DIN: 00114728

**ROHIT KHOSLA**
Director
DIN: 07163135

**R. SURIYANARAYANAN**
Partner
Membership No. 201402

**HARISH KUMAR**
Chief Financial Officer
ICAI M. No - 534449

**VANIKA MAHAJAN**
Company Secretary
ICSI M.No - ACS34515

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : New Delhi

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 1. Corporate Information

Benares Hotels Limited ("BHL" or the "Company"), is a listed public limited company incorporated in 1971. The Company operates its hotels, viz. Taj Ganges and Taj Nadesar Palace in Varanasi and The Ginger Hotel Balaghat Road, Gondia (Earlier known as The Gateway Hotel Balaghat Road, Gondia) in Maharashtra. In May, 2011, the Company became a subsidiary of The Indian Hotels Company Limited, a company promoted by Tata Sons Private Limited.

The financial statements were approved by the Board of Directors and authorised for issue on April 19, 2023.

## Note 2. Application of new Indian Accounting Standards

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparation of these Financial Statements.

## Note 3. Significant Accounting Policies

**(a) Statement of compliance:**

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") issued under section 133 of the Companies Act, 2013 and notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2016.

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

**(b) Recent Accounting Pronouncements:**

**(i) New and amended standards adopted by the Company:**

The Company has applied the following amendments for the first time for their annual reporting period commencing April 1, 2022:

i. Ind AS 103 Business Combination – Identified assets acquired and liabilities assumed (including contingent assets and contingent liabilities) must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the Institute of Chartered Accountants of India (ICAI).

ii. Ind AS 109 Financial Instruments – Guidance provided on identifying substantial modification of the terms of an existing financial liability basis difference in discounted present value of the cash flows between old and new terms.

iii. Ind AS 16 – Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

iv. Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(ii) New accounting standards/amendments notified but not yet effective**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 1, 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes –

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

**(c) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value i.e. Defined Benefit Plans at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

**Fair value measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(d) Critical accounting estimates and judgments:**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has with the help of group technical assessment estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgments on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

  Litigation: From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- **Leases**

  The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

  Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**(e) Revenue recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the company as part of the contract.

**Revenue from operations:**

**Rooms, Food and Beverage & Banquets:**

Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied over a period of occupation, food and beverages are sold and banquet services have been provided as per the contract with the customer.

**Space and shop rentals:**

Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. These contracts for rentals are generally of short term in nature. Revenue is recognized in the period in which services are being rendered.

**Other Allied services:**

In relation to the, laundry income, communication income, health club income, airport transfers income and other allied services, the revenue has been recognized by reference to the time of service rendered.

**Other Income:**

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend**

Dividend income is recognised when the Company's right to receive the amount is established.

**(f) Employee Benefits (other than for persons engaged through contractors):**

**i. Provident Fund**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up by the respective Regional Provident Fund Commissioner (RPFC). The Company has no further obligations beyond making the contribution, and hence, it is a Defined Contribution Plan.

**ii. Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

### iii. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

### iv. Short Term Obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

## (g) Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed as under based on technical evaluation made at the group level, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|---|---|
| Improvement to the buildings | 15 years |
| Plant and Equipment | 10 to 20 years |
| Electrical Installation and Equipment | 20 years |
| Hotel Wooden Furniture | 15 years |
| End User devices – Computers, Laptops etc | 6 years |
| Operating supplies (issued on opening of a new hotel property) | 2 to 3 years |
| Assets costing less than ₹ 5000 | 4 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipments are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(h) Intangible Assets:**

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

i) the technical feasibility and Company's intention and ability of completing the project;

ii) the probability that the project will generate future economic benefits;

iii) the availability of adequate technical, financial and other resources to complete the project; and

iv) the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets is as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Website Development Cost | 5 years |
| Software and Licences | 6 years |
| Service and Operating Rights | 10 years |

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### (i) Impairment of assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### (j) Foreign Currency Translation:

The functional currency of the Company is Indian rupee.

#### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

### (k) Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(l) Assets taken on lease:**

**The Company as a lessee:**

On inception of a contract, Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

Refer Note No. 29 of the Financial Statement for details.

**(m) Inventories:**

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Inventory cost includes the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

**(n) Government Grants:**

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

**(o) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**i. Current tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**ii. Deferred tax :**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, the non – current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A Contingent asset is not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Provisions, contingent assets and contingent liabilities are reviewed at each balance sheet date.

**(q) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(r) Cash and Cash Equivalents (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**(s) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows for the year are classified by operating, investing and financing activities.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**(t) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(u) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Since the Company's business consists of its hotel operations only, no separate information for segment-wise disclosures is given.

**(v) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and measurement:**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

#### Initial recognition and measurement

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

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

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

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

**Financial liabilities at fair value through profit or loss**

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

**Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 4 : Property, Plant and Equipment (Owned, unless otherwise stated)

(₹ lakhs)

| | Freehold Land | Buildings Refer Footnote (i) | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Total | Capital Work in Progress Refer Footnote (ii) |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At April 1, 2021 | 13.05 | 4,948.97 | 3,877.13 | 1,708.46 | 112.88 | 0.12 | 10,660.61 | 10.52 |
| Additions | - | - | 20.48 | 0.43 | 11.02 | - | 31.93 | 44.18 |
| Less: Disposals | - | - | - | - | 1.90 | - | 1.90 | 31.93 |
| **At March 31, 2022** | **13.05** | **4,948.97** | **3,897.61** | **1,708.88** | **122.00** | **0.12** | **10,690.64** | **22.77** |
| **Additions** | - | 0.72 | 76.40 | 6.91 | 22.74 | 5.05 | 111.82 | 173.64 |
| Less: Disposals | - | - | 9.42 | - | - | - | 9.42 | 132.05 |
| **At March 31, 2023** | **13.05** | **4,949.70** | **3,964.59** | **1,715.79** | **144.74** | **5.17** | **10,793.04** | **64.36** |
| **Depreciation** | | | | | | | | |
| At April 1, 2021 | - | 643.11 | 1,205.55 | 498.47 | 91.04 | - | 2,438.17 | |
| Add: Charge for the year | - | 184.33 | 264.42 | 155.58 | 11.76 | - | 616.09 | |
| Less: Disposals | - | - | - | - | 1.90 | - | 1.90 | |
| **At March 31, 2022** | **-** | **827.44** | **1,469.96** | **654.06** | **100.90** | **-** | **3,052.36** | |
| Add: Charge for the year | - | 184.33 | 241.73 | 145.73 | 11.84 | 0.93 | 584.56 | |
| Less: Disposals | - | - | 7.67 | - | - | - | 7.67 | |
| **At March 31, 2023** | **-** | **1,011.77** | **1,704.02** | **799.79** | **112.74** | **0.93** | **3,629.25** | **-** |
| **Net Block** | | | | | | | | |
| **At March 31, 2023** | **13.05** | **4,121.53** | **2,427.65** | **1,054.83** | **21.10** | **0.12** | **7,638.28** | **22.77** |
| **At March 31, 2022** | **13.05** | **3,937.93** | **2,260.57** | **916.00** | **32.00** | **4.24** | **7,163.79** | **64.36** |

### Footnotes :

(i) Gross block includes:

Buildings constructed on leasehold land - INR 1,889.52 lakhs (previous year - INR 1,889.52 lakhs).

(ii) Capital Work in Progress Ageing Schedule:

### As on March 31, 2023

(₹ lakhs)

| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) Projects in progress | 22.87 | 1.55 | 6.71 | 3.56 | 34.69 |
| (ii) Other Capex | 29.67 | - | - | - | 29.67 |
| (iii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **52.54** | **1.55** | **6.71** | **3.56** | **64.36** |

Other Capex represents routine capex, bought outs, etc.

### As on March 31, 2022

(₹ lakhs)

| Particulars | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) Projects in progress | - | - | - | - | - |
| (ii) Other Capex | 10.95 | - | - | - | 10.95 |
| (iii) Projects temporarily suspended | 1.55 | 6.71 | - | 3.56 | 11.82 |
| **Total** | **12.50** | **6.71** | **-** | **3.56** | **22.77** |

Other Capex represents routine capex, bought outs, etc.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 5 : Intangible Assets (Acquired)

(₹ lakhs)

| Cost | Softwares | Rights | |
|---|---|---|---|
| At April 1, 2021 | 97.21 | 78.19 | 175.40 |
| Additions | 2.81 | - | 2.81 |
| Less: Disposals | - | - | - |
| **At March 31, 2022** | **100.02** | **78.19** | **178.21** |
| Additions | 4.82 | - | 4.82 |
| Less: Disposals | - | - | - |
| **At March 31, 2023** | **104.84** | **78.19** | **183.03** |
| **Amortisation** | | | |
| At April 1, 2021 | 79.30 | 42.26 | 121.56 |
| Charge for the year | 8.76 | 8.45 | 17.21 |
| Less: Disposals | - | - | - |
| **At March 31, 2022** | **88.06** | **50.71** | **138.77** |
| Charge for the year | 4.87 | 8.45 | 13.32 |
| Less: Disposals | - | - | - |
| **At March 31, 2023** | **92.93** | **59.16** | **152.09** |
| **Net Block** | | | |
| **At March 31, 2022** | **11.96** | **27.48** | **39.43** |
| **At March 31, 2023** | **11.91** | **19.03** | **30.94** |

## Note 6. Right of Use Assets

(₹ lakhs)

| | Building | Total |
|---|---|---|
| **Gross Block at Cost** | | |
| At April 1, 2021 | 130.19 | 130.19 |
| Additions | - | - |
| Less: Disposals | - | - |
| **At March 31, 2022** | **130.19** | **130.19** |
| Additions | - | - |
| Less: Disposals | - | - |
| **At March 31, 2023** | **130.19** | **130.19** |
| **Depreciation** | | |
| At April 1, 2021 | 6.05 | 6.05 |
| Charge for the year | 3.04 | 3.04 |
| Less: Disposals | - | - |
| **At March 31, 2022** | **9.08** | **9.08** |
| Charge for the year | 3.03 | 3.03 |
| Less: Disposals | - | - |
| **At March 31, 2023** | **12.11** | **12.11** |
| **Net Block** | | |
| **At March 31, 2022** | **121.11** | **121.11** |
| **At March 31, 2023** | **118.08** | **118.08** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## Note 7 : Other Financial Assets

(Unsecured, considered good unless stated otherwise)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current** | | |
| Deposits with Public Bodies and Others at amortised costs | | |
| Public Bodies and Others | 23.21 | 23.96 |
| Deposits with Banks * | 652.67 | 492.14 |
| | **675.88** | **516.10** |

*includes FDRs having maturity less than 12 months of INR 12.66 lakhs (PY - INR 12.13 lakhs) which are under lien for issuance of Bank Guarantees.

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **B) Current** | | |
| Deposit with public bodies and others | | |
| Others | 1.10 | 0.95 |
| | **1.10** | **0.95** |
| **Other advances** | | |
| Considered good* | 8.16 | 26.48 |
| **Interest receivable** | | |
| Bank Deposits | 70.82 | 3.77 |
| | **70.82** | **3.77** |
| **On Current Account dues :** | | |
| Related Parties (Refer Note 32) | 95.84 | 28.37 |
| Others | 25.04 | 16.35 |
| | **120.88** | **44.72** |
| **Total** | **200.96** | **75.92** |

*For related party balances refer Note 32

## Note 8 : Other Assets

(Unsecured, considered good unless stated otherwise)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current** | | |
| Capital Advances | 29.86 | 1.02 |
| Prepaid Expenses | 10.17 | 7.82 |
| Export incentive receivable (Refer Foot Note below) | - | 25.30 |
| Deposits with Government Authorities | 10.00 | 10.00 |
| **Total** | **50.03** | **44.14** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Foot Note: Export incentive receivable

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening balance** | 25.30 | 25.30 |
| Add: SEIS accrued during the year* | - | - |
| Less: Sale proceeds/ reversed during the year | 25.30 | - |
| **Closing balance** | **-** | **25.30** |

*Gain on sale of SEIS scrips of INR 1.79 Lakhs (PY - Nil)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **B) Current** | | |
| Prepaid Expenses | 59.99 | 53.55 |
| Indirect tax recoverable | 22.11 | 11.22 |
| Advance to Suppliers | 30.55 | 10.24 |
| Advance to Employees | 0.76 | 0.29 |
| **Total** | **113.41** | **75.30** |

## Note 9 : Inventories (At lower of cost and net realisable value)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and Beverages | 64.49 | 34.68 |
| Stores and Operating Supplies | 58.92 | 45.40 |
| | **123.41** | **80.08** |

## Note 10 : Trade and other receivables

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(Unsecured)** | | |
| Considered good* | 429.58 | 138.56 |
| Balance having significant increase in credit risk | - | - |
| Credit impaired | 49.00 | 67.92 |
| **Total** | **478.58** | **206.48** |
| **Less : Provision for impairment (Refer foot note - 1)** | 49.00 | 67.92 |
| | **429.58** | **138.56** |

*For related party balances refer Note 32

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**Footnote:**

### 1) Provision for Impairment

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening Balance** | 67.92 | 78.97 |
| Add: Provision created during the year | 0.01 | - |
| | **67.93** | **78.97** |
| Less: Bad debts written off against past provisions | 18.93 | - |
| Less: Reversal of provision no longer required | - | 11.05 |
| **Closing Balance** | **49.00** | **67.92** |

(2) Please refer Note No. 41 for Trade Receivable ageing schedule.

## Note 11 : Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 6.86 | 3.55 |
| Balances with bank in current account | 135.15 | 70.43 |
| Balances with bank in call and short-term deposit accounts (original maturity less than 3 months) | 840.00 | - |
| | **982.01** | **73.98** |

## Note 12 : Bank Balances Other than Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Balances with banks** | | |
| Call and Short-term deposit accounts | 2,656.83 | 1,042.40 |
| Earmarked balances | 28.60 | 34.29 |
| | **2,685.43** | **1,076.69** |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current | 652.67 | 492.14 |
| | **2,032.76** | **584.55** |

## Note 13 : Share Capital

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| Ordinary Shares | | |
| 15,00,000 (Previous Year- 15,00,000) Ordinary Shares of ₹10/- each | 150.00 | 150.00 |
| | **150.00** | **150.00** |
| **Issued Share Capital** | | |
| 13,00,000 (Previous Year- 13,00,000) Ordinary Shares of ₹10/- each | 130.00 | 130.00 |
| | **130.00** | **130.00** |
| **Subscribed and Paid Up** | | |
| 13,00,000 (Previous Year- 13,00,000) Ordinary Shares of ₹10/- each | 130.00 | 130.00 |
| | **130.00** | **130.00** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**Footnotes:**

(1) The company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.

(2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(₹ lakhs)

| | Opening Balance | Fresh issue | Closing Balance |
|---|---|---|---|
| Ordinary shares | | | |
| Year ended 31-03-2023 | | | |
| - Number of shares | 13.00 | - | 13.00 |
| - Amount (Rupees) | 130.00 | - | 130.00 |
| Year ended 31-03-2022 | | | |
| - Number of shares | 13.00 | - | 13.00 |
| - Amount (Rupees) | 130.00 | - | 130.00 |

## (3) Ordinary Shares with voting rights held by Holding Company along with its Subsidiaries & Associate Companies

(₹ lakhs)

| Name of the Company | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| **Holding Company** | | |
| The Indian Hotels Company Limited | 6,43,825 | 6,43,825 |
| **Subsidiaries of Holding Company** | | |
| Piem Hotels Limited | 54,063 | 54,063 |
| Northern India Hotels Limited | 150 | 150 |
| **Associate of Holding Company** | | |
| Oriental Hotels Limited | 50 | 50 |

## (4) Shareholders holding more than 5% shares in the Company :

(₹ lakhs)

| Name of the Company | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| The Indian Hotels Company Limited | 6,43,825 | 6,43,825 |
| % of Holding | 49.53% | 49.53% |

(5) Aggregate number and class of shares allotted as fully paid-up in previous year pursuant to contracts without payment being received in cash, bonus shares and shares bought back for a period of 5 years immediately preceding the balance sheet date NIL (previous year NIL).

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (6) Details of Promoter Shareholding -

| S. No | Name of Promoter | Number of Equity Shares Held at 31st March 2022 | % of Total Number of Equity Shares | Number of Equity Shares Held at 31st March 2023 | % of Total Number of Equity Shares | % Change During the Year |
|---|---|---|---|---|---|---|
| 1 | Anant Narain Singh | 24,000 | 1.85% | 24,000 | 1.85% | Nil |
| 2 | Maharaj Kumari Vishnupriya | 18,000 | 1.38% | 18,000 | 1.38% | Nil |
| 3 | M K Krishna Priya | 17,550 | 1.35% | 17,550 | 1.35% | Nil |
| 4 | Maharaj Kumari Hari Priya | 17,550 | 1.35% | 17,550 | 1.35% | Nil |
| 5 | Anamika Kunwar | 7,197 | 0.55% | 7,197 | 0.55% | Nil |
| 6 | All India Kashiraj Trust | 30,000 | 2.31% | 30,000 | 2.31% | Nil |
| 7 | Imlak Varanasi Developments Private Limited | 1,050 | 0.08% | 1,050 | 0.08% | Nil |
| 8 | The Indian Hotels Company Limited | 6,43,825 | 49.53% | 6,43,825 | 49.53% | Nil |
| 9 | Piem Hotels Limited | 54,063 | 4.16% | 54,063 | 4.16% | Nil |
| 10 | Northern India Hotels Limited | 150 | 0.01% | 150 | 0.01% | Nil |
| 11 | Oriental Hotels Limited | 50 | 0.00% | 50 | 0.00% | Nil |
| | **Total** | **8,13,435** | **62.57%** | **8,13,435** | **62.57%** | |

## Note 14 : Other Equity

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **a) Reserves & Surplus** | | |
| Capital Reserve | 0.86 | 0.86 |
| General Reserve | | |
| Opening Balance | 2,167.22 | 2,167.22 |
| Closing Balance | 2,167.22 | 2,167.22 |
| Retained Earnings | | |
| Opening Balance | 5,485.61 | 4,925.38 |
| Add: Current year profit/ (loss) | 2,338.03 | 565.28 |
| Add: Remeasurements of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings) | (14.23) | (5.05) |
| Less : Final Dividend | (130.00) | - |
| **Closing Retained Earnings** | **7,679.41** | **5,485.61** |
| **Total** | **9,847.49** | **7,653.69** |

### Foot Notes:

### Description of nature and purpose of each reserve:

(a) Capital Reserve: Capital reserve mainly consists of balances on account of profit on sale of forfeited shares in previous years.

(b) General Reserve: General reserve was created from time to time by way of the transfer of profits from retained earnings for appropriation purposes based on the provisions of the Companies Act prior to its amendment. The reserve is un-restricted and available for use at any time as required by the Company.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 15 : Lease Liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Non Current** | | |
| Lease Liabilities | 370.72 | 363.70 |
| **Total** | **370.72** | **363.70** |

## Note 16 : Provisions

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current provisions** | | |
| **Employee Benefit Obligation (Non-current)** | | |
| Compensated absences | 33.04 | 26.66 |
| | **33.04** | **26.66** |
| **B) Current provisions** | | |
| **Employee Benefit Obligation (Current)** | | |
| Compensated absences | 6.21 | 3.48 |
| Gratuity (Refer Note 33) | 21.76 | 31.20 |
| | **27.97** | **34.68** |

## Note 17 : Deferred Tax Liabilities (Net)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| Property, Plant and equipment & Intangible Assets | 666.49 | 668.20 |
| **Total (A)** | **666.49** | **668.20** |
| **Deferred Tax Assets:** | | |
| Provision for Employee Benefits | 9.88 | 6.22 |
| Provision for doubtful debts | 12.33 | 17.09 |
| Ind AS 116 Impact | 63.58 | 61.05 |
| Others | 21.53 | 7.70 |
| **Total (B)** | **107.32** | **92.06** |
| **Net Deferred Tax Liabilities (A-B)** | **559.17** | **576.14** |

## Note 18 : Borrowings

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Short term borrowings** | | |
| Short Term Borrowings | | |
| Secured | - | - |
| **Total Short term borrowings** | - | - |
| Less: Interest accrued (included in Note 20) | - | - |
| **Total Borrowings** | **-** | **-** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Foot Note - 1

The company has been sanctioned with a Overdraft/ Working Capital Demand facility in current year of INR 450 lakhs by Axis Bank. The facility carries interest @ 9.20% p.a. at the year end (MCLR 1 Year plus 125 basis points) and secured against exclusive charge on the entire current and movable assets of the company, both present and future. Further, negative lien on the fixed and immovable assets of the company. The balance outstanding at the end of period is INR Nil (PY Nil).

### Foot Note - 2

**Financial liabilities**

**Net debt reconciliation**

(₹ lakhs)

| Particulars | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| a) | **Net debt** | | |
| | Cash and cash equivalents | 982.01 | 73.98 |
| | Current Investment | - | - |
| | Short Term Borrowings | - | - |
| | Long term Borrowings (Including Current portion) | - | - |
| | **Net (debt)/ Cash & Cash Equivalents** | 982.01 | 73.98 |
| b) | **Other financial Liability** | | |
| | Unclaimed Deposits/Interest | - | - |
| | Derivative | - | - |
| | Interest Accrued | - | - |
| | **Total Other financial Liability** | - | - |
| **Grand Total** | | **982.01** | **73.98** |

| | Other Assets | | Borrowings | Total Net borrowings | Other financial Liability | Grand Total |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Current Investment | Short Term Borrowings | | Interest Accrued | |
| **Net (debt)/ Cash & Cash Equivalents as at 1 April 2021** | 122.88 | - | (550.00) | (427.12) | (5.99) | (433.11) |
| Cash Flows | | | | - | - | - |
| Increase/(Decrease) in cash and cash equivalents | (48.90) | - | - | (48.90) | - | (48.90) |
| Borrowings | - | - | - | - | - | - |
| Repayment | - | - | 550.00 | 550.00 | - | 550.00 |
| Foreign exchange adjustments | - | - | - | - | - | - |
| Interest expense | - | - | - | - | (28.75) | (28.75) |
| Interest paid | - | - | - | - | 34.74 | 34.74 |
| **(Net debt)/ Cash & Cash Equivalents as at 31 March 2022** | **73.98** | **-** | **-** | **73.98** | **-** | **73.98** |
| **Net (debt)/ Cash & Cash Equivalents as at 1st April 2022** | **73.98** | **-** | **-** | **73.98** | **-** | **73.98** |
| Cash Flows | | | | | | |
| Increase/(Decrease) in cash and cash equivalents | 908.03 | - | | 908.03 | - | 908.03 |
| Borrowings | - | - | - | - | - | - |
| Repayment | - | - | - | - | - | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

| | Other Assets | | Borrowings | Total Net borrowings | Other financial Liability | Grand Total |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Current Investment | Short Term Borrowings | | Interest Accrued | |
| Foreign exchange adjustments | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - |
| Interest paid | - | - | - | - | - | - |
| **(Net debt)/ Cash & Cash Equivalents as at 31 March 2023** | **982.01** | **-** | **-** | **982.01** | **-** | **982.01** |

## Note 19: Trade Payables

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro and Small Enterprises (Refer Footnote - 1) | 23.18 | 31.36 |
| Vendor Payables (Refer Footnote - 2) | 114.58 | 125.74 |
| Accrued expenses and others | 397.95 | 142.34 |
| | **535.71** | **299.44** |

**Footnotes:**

1) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer Note 34 for disclosures relating to Micro and Small Enterprises.

2) For related party balances refer Note 32.

3) Please refer Note 42 for ageing schedule of trade payables.

## Note 20: Other financial liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current financial liabilities** | | |
| **Payables on Current Account dues :** | | |
| Related Parties* | 3.21 | 2.24 |
| Others | 1.87 | 2.59 |
| **Total** | **5.08** | **4.83** |
| *For related party balances refer Note 32. | | |
| **Deposits from others** | | |
| Unsecured | 33.34 | 30.40 |
| **Total** | **33.34** | **30.40** |
| Creditors for capital expenditure* | 40.21 | 28.22 |
| Unclaimed dividend (Refer Foot Note - 1) | 28.60 | 34.29 |
| Employee related liabilities | 139.41 | 98.54 |
| Others | 7.98 | 6.36 |
| **Grand Total** | **254.62** | **202.64** |

* includes payable to MSME vendors of INR 0.74 lakhs (PY - Nil)

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**Foot Note:**

1) A sum of INR 7.89 lakhs (PY INR 9.70 lakhs) due for transfer to the Investor Education and Protection Fund during the year has been transferred and there are no dues in this respect which have remained unpaid as at the Balance Sheet date.

## Note 21 : Other current Liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Advances collected from customers | 222.98 | 182.96 |
| Statutory dues | 50.60 | 38.34 |
| | **273.58** | **221.30** |

## Note 22 : Revenue from Operations

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Room Income, Food, Restaurants and Banquet Income | 8,976.28 | 4,758.29 |
| Shop rentals | 62.28 | 49.73 |
| Others | 293.94 | 175.94 |
| **Total** | **9,332.50** | **4,983.96** |

## Note 23 : Other Income

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Inter-corporate deposits | | |
| Deposits with banks | 111.67 | 7.29 |
| Others | 1.80 | 1.96 |
| Interest on Income Tax Refunds | 4.46 | - |
| **Total** | **117.93** | **9.25** |
| Exchange Gain (Net) | 0.04 | 0.17 |
| Others | 32.45 | 0.46 |
| **Grand Total** | **150.42** | **9.88** |

## Note 24 : Food and Beverages Consumed

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Stock | 34.68 | 44.47 |
| Add : Purchases | 866.20 | 435.79 |
| | **900.88** | **480.26** |
| Less : Closing Stock | 64.49 | 34.68 |
| Food and Beverages Consumed | **836.39** | **445.58** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 25 : Employee Benefit Expense and Payment to Contractors

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 679.09 | 522.72 |
| Company's Contribution to Provident and Other Funds | 41.50 | 45.22 |
| Reimbursement of Expenses on Personnel Deputed to the Company | 200.42 | 227.43 |
| Payment to Contractors | 131.97 | 63.10 |
| Staff Welfare Expenses | 118.68 | 91.43 |
| **Total** | **1,171.66** | **949.90** |

## Note 26 : Finance costs

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Expense at effective interest rate on borrowings | - | 28.75 |
| | - | **28.75** |
| Interest on Lease liability | 36.77 | 36.06 |
| **Total** | **36.77** | **64.81** |

## Note 27 : Other operating and general expenses

(₹ lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Operating expenses consist of the following :** | | |
| | Linen and Room Supplies | 163.08 | 87.51 |
| | Catering Supplies | 96.95 | 49.03 |
| | Other Supplies | 17.26 | 6.13 |
| | Fuel, Power and Light (Refer footnote (i)) | 507.83 | 410.70 |
| | Repairs to Buildings | 63.71 | 44.85 |
| | Repairs to Machinery | 158.91 | 108.16 |
| | Repairs to Others | 25.66 | 9.84 |
| | Garden Expenses | 56.05 | 24.15 |
| | Linen and Uniform Washing and Laundry Expenses | 103.56 | 59.70 |
| | Payment to Orchestra Artistes and Security Charges | 42.24 | 22.45 |
| | Guest Transportation | 116.57 | 55.10 |
| | Travel Agents' Commission | 176.21 | 100.34 |
| | Discount to Collecting Agents | 85.85 | 50.28 |
| | Other Operating Expenses | 209.93 | 82.34 |
| | **Total** | **1,823.81** | **1,110.58** |
| **(ii)** | **General expenses consist of the following :** | | |
| | Rent | 15.86 | 16.08 |
| | Licence Fees | 28.54 | 6.88 |
| | Rates and Taxes | 114.89 | 106.20 |
| | Insurance | 31.85 | 29.89 |
| | Advertising and Publicity | 349.19 | 171.27 |
| | Management Fee Expenses | 737.55 | 336.69 |
| | Reimbursable Fees Expenses- Corporate Services and CRS/ CIS | 186.27 | 98.68 |
| | Printing and Stationery | 19.19 | 11.23 |
| | Passage and Travelling | 15.88 | 9.53 |
| | Provision for Doubtful Debts/ Bad debts written off (Refer Note 10) | 0.01 | (11.05) |
| | Expenditure on Corporate Social Responsibility (Refer Footnote (iii)) | 10.06 | 12.91 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Professional Fees | 64.42 | 24.40 |
| Outsourced Support Services | 46.26 | 35.78 |
| Loss on Sale of Fixed Assets (Net) | 0.88 | - |
| Payment made to Statutory Auditors (Refer Footnote (iv)) | 7.58 | 7.23 |
| Directors' Fees and Commission | 106.48 | 33.55 |
| Other Expenses | 150.30 | 126.55 |
| **Total** | **1,885.21** | **1,015.82** |
| **Grand Total** | **3,709.02** | **2,126.40** |

**Footnotes:**

## (i) Expenditure recovered from other parties :

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Fuel, Power and Light | 9.27 | 6.61 |
| **Total** | **9.27** | **6.61** |

## (ii) Corporate Social Responsibility Expenditure

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) Amount required to be spent as per Section 135 of the Act | 9.98 | 12.91 |
| **(b) Amount spent during the year on:** | | |
| (i) Construction/acquisition of an asset | | |
| - Building Livelihoods | - | - |
| (ii) On purposes other than (i) above | | |
| - Being a Responsible Neighbour | 3.00 | 3.00 |
| - Building Livelihoods | 7.06 | 4.96 |
| - Disaster Management | - | 4.95 |
| **Total Spent** | **10.06** | **12.91** |
| (c) Amount unspent | Nil | Nil |
| (d) The total of previous years’ shortfall amounts | Nil | Nil |

## (iii) Payment made to Statutory Auditors:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditors | 5.00 | 5.00 |
| As tax auditors | 1.50 | 1.50 |
| For other services - net | 0.25 | 0.25 |
| For Reimbursement of Expenses | 0.83 | 0.48 |
| | **7.58** | **7.23** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 28: Tax Disclosures

### i) Income Tax recognised in Profit or loss:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| In respect of the current year | 807.11 | 21.45 |
| In respect of earlier years | | |
| Resulting from reversal of provision for tax for earlier years | - | - |
| Other demands and tax paid for earlier years | - | - |
| **Total income tax expense** | **807.11** | **21.45** |
| Deferred Tax | | |
| In respect of the current year | (17.28) | 184.10 |
| In respect of earlier year | 0.31 | - |
| **Total deferred tax expense/(benefit)** | **(16.97)** | **184.10** |
| **Total tax expense recognised in the current year** | **790.14** | **205.55** |

### ii) Reconciliation of tax expense with the effective tax:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Profit before tax from continuing operations (a)** | 3,128.17 | 770.83 |
| Income tax rate as applicable (b) | 25.168% | 25.168% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 787.30 | 194.00 |
| **Permanent tax differences due to:** | | |
| Effect of expenses that are not deductible in determining taxable profit | 2.53 | 3.25 |
| Others | - | - |
| **Deferred Tax reversal** | | |
| Net Impact of the change in the tax rates* | - | - |
| Adjustment to Opening Deferred Tax | 0.31 | 8.30 |
| **Total tax expense recognised in the current year** | **790.14** | **205.55** |

### iii) Income tax recognised in other comprehensive income:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax/ Income Tax** | | |
| **(a) Arising on income and expenses recognised in other comprehensive income:** | | |
| Remeasurement of defined benefit obligation | - | - |
| | **-** | **-** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### iv) Reconciliation of Deferred Tax Asset and Deferred Tax Liability:

(₹ lakhs)

| March 31, 2023 | Opening Balance | Recognised in Retained Earning | Recognised in profit or loss - CY Impact | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| Deferred tax liabilities/ assets in relation to: | | | | | |
| Property, Plant and equipment & Intangible Assets | 668.20 | - | (1.71) | - | 666.49 |
| Provision for Employee Benefits | (6.22) | - | (3.66) | - | (9.88) |
| Provisions for Defined benefit obligations | - | - | - | - | - |
| Provision for doubtful debts | (17.09) | - | 4.76 | - | (12.33) |
| Ind AS 116 impact | (61.05) | - | (2.53) | - | (63.58) |
| Others (Expenses disallowed to be allowed in future) | (7.70) | - | (13.83) | - | (21.53) |
| **Total Deferred Tax Liability** | **576.14** | **-** | **(16.97)** | **-** | **559.17** |

(₹ lakhs)

| March 31, 2022 | Opening Balance | Recognised in Retained Earning | Recognised in profit or loss - CY Impact | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| Deferred tax liabilities/ assets in relation to: | | | | | |
| Property, Plant and equipment & Intangible Assets | 664.06 | - | 4.14 | - | 668.20 |
| Provision for Employee Benefits | (9.73) | - | 3.51 | - | (6.22) |
| Provisions for Defined benefit obligations | - | - | - | - | - |
| Provision for doubtful debts | (19.87) | - | 2.78 | - | (17.09) |
| Ind AS 116 impact | (58.49) | - | (2.56) | - | (61.05) |
| Unused business losses | (179.70) | | 179.70 | - | - |
| Others (Expenses disallowed to be allowed in future) | (4.23) | - | (3.47) | - | (7.70) |
| **Total Deferred Tax Liability** | **392.04** | **-** | **184.10** | **-** | **576.14** |

## Note 29: Lease

The Company has taken land and immovable properties on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring within forty one to sixty years. On renewal, the terms of the leases are renegotiated.

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Increase in depreciation expense relating to the depreciation of new right-of-use assets recognised. | 3.03 | 3.04 |
| Decrease in Rent expense relating to previous operating leases | 29.75 | 28.90 |
| Increase in Financial expenses relating to the interest expense on additional lease liabilities recognised | 36.77 | 36.06 |
| Increase in net cash from operating activities and decrease in financing activities by the same amount, representing repayments of principal and interest on the recognised lease liabilities. | 29.75 | 28.90 |

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Right-of-use assets recognised and presented separately in Company statement of financial position (Refer Note 6) | 118.08 | 121.11 |
| Lease liabilities recognised and presented separately in Company statement of financial position (Refer Note 15) | 370.72 | 363.70 |
| Net deferred tax assets increased on account of deferred tax impact of the changes in assets and liabilities (Refer Note 28) | 63.58 | 61.05 |
| Net effect of these adjustments increased Company's net liabilities by | 189.06 | 181.54 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**B. Ind AS 116 related Other Disclosures:**

### 1. Total lease liabilities are analysed as follows:

**Denominated in the following currencies:**

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Indian Rupees | 370.72 | 363.70 |
| Other Currencies | - | - |
| Current | - | - |
| Non-current | 363.70 | 363.70 |
| **Total** | **370.72** | **363.70** |

### 2. Amounts recognised in profit or loss

The following amounts were recognised as in profit and loss in the year:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation of right-of-use assets | 3.03 | 3.04 |
| Expense relating to variable lease payments | 28.54 | 6.88 |
| Expense relating to short-term leases and low-value assets | - | - |
| Interest on lease liabilities | 36.77 | 36.06 |
| Gain on lease modification | - | - |
| Variable lease payments/ payments for short term leases | 15.86 | 16.08 |
| **Total recognised in Statement of Profit & Loss** | **84.20** | **62.06** |

Variable lease payments are payable under certain of Company's hotel leases and arise where Company is committed to making additional lease payments that are contingent on the performance of the hotels

### 3. Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

(₹ lakhs)

| Maturity analysis: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Less than 1 year. | 30.60 | 29.75 |
| Between 1 and 2 years | 31.45 | 30.60 |
| Between 2 and 5 years | 96.90 | 94.35 |
| More than 5 years | 1,663.08 | 1,697.08 |
| **Total** | **1,822.03** | **1,851.78** |

## Note 30: Contingencies and Commitments

**Contingent Liabilities (to the extent not provided for)**

### a) On account of other disputes in respect of:

i. Sales tax – ₹ 36.27 Lakhs (previous year – ₹ 36.27 Lakhs)

ii. Others – ₹ 1.21 Lakhs (previous year – ₹ 1.21 Lakhs)

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### b) Others

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

(i) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

(ii) the proceedings are in early stages;

(iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations;

(iv) there are significant factual issues to be resolved; and/or there are novel legal issues presented.

The Company's management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Company's financial statements, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

**Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 270.58 Lakhs (Previous year – ₹ 9.70 Lakhs).

## Note 31: Segment Reporting

The Company's only business being hoteliering, disclosure of segment-wise information is not applicable under Ind AS108 - 'Operating Segments' (Ind AS-108). There is no geographical segment to be reported since all the operations are undertaken in India. Refer Note No. 40 for Company's Disaggregated Revenue by the type of revenue stream.

## 32 (a) Related party transactions

**Details of related parties:**

### (i) Holding Company

The Indian Hotels Company Limited (IHCL)
(Tata Sons Private Limited has substantial interest in The Indian Hotels Company Limited)

### (ii) Fellow subsidiaries

KTC Hotels Limited
United Hotels Limited
Roots Corporation Limited
Piem Hotels Limited
Taj Trade and Transport Company Limited
Inditravel Limited
Northern India Hotels Limited
Taj Enterprises Limited
Skydeck Properties and Developers Private Limited
Sheena Investments Private Limited
ELEL Hotels & Investments Limited
Ideal Ice Limited
Taj SATS Air Catering Limited
Genness Hospitality Private Limited
Qurio Hospitality Private Limited
Suisland Hospitality Private Limited
Kadisland Hospitality Private Limited

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Zarrenstar Hospitality Private Limited
Taj International Hotels (H.K) Limited
IHOCO BV
St. James Court Hotels Limited
Taj International Hotels Limited
United Overseas Holdings Inc. including 3 LLCs
PIEM International Hotels (H.K) Limited
IHMS Hotels (SA) (Proprietary) Limited
Goodhope Palace Hotels (Proprietary) Limited

**(iii) Directors who held the office during the year and previous year:**

Dr. Anant Narain Singh, Chairman
Mr. Rohit Khosla, Non Executive Director
Mr. Moiz Miyajiwala, Non Executive Director & Independent Director#
Mrs. Rukmani Devi, Non Executive & Independent Director#
Mr. Puneet Chhatwal, Non Executive Director$
Mr. Beejal Desai, Non Executive Director*
Mr. Puneet Raman, Non Executive Director & Independent Director#

# Independent directors are included as related parties for the purpose of Indian Accounting Standards (Ind AS 24- Related Party Transactions) only. They are not related under the Companies Act , 2013.
$ Resigned with effect from 02 Feb 2023
* Appointed as additional director effective 08 Feb 2023

**(iv) Key Management Personnel (KMP) for Current and Previous year:**

Mr. Vivek Sharma (Chief Executive Officer)
Mr. Harish Kumar (Chief Financial Officer)
Ms. Vanika Mahajan (Company Secretary)

**(v) Firms/ Corporation in which Directors are interested with whom transactions were carried out during the current and previous year:**

Maharaja Prabhu Narain Physical Cultural Trust
Aditya Dairies Private Limited
Anant Electric Lamp Works Private Limited
Imlak Varanasi Developments Private Limited
All India Kashiraj Trust

**(vi) Relatives of the Directors with whom transactions were carried out during the current and previous year:**

Mrs. Anamika Kunwar
MK Krishna Priya
MK Vishnupriya
MK Hari Priya
Mr. Raghubir Singh Gohil
Mrs. Archana Raman

**(vii) JV & Associates of the Holding Company and Entity and Subsidiary, JV & Associates of the Entity having Significant influence with whom transactions were carried out during the current and previous year:**

**JV & Associates of Holding Company:**
Kaveri Retreats & Resorts Limited
Taj GVK Hotels & Resorts Limited
Taj Karnataka Hotels & Resorts Limited
Oriental Hotels Limited

**Entity and Subsidiary, JV of the Entity having Significant influence over holding co:**
Tata Sons Private Limited
Supermarket Grocery Supplies Private Limited
Tata Consultancy Services Limited
Tata Aia Life Insurance Company Limited
Tata Asset Management Private Limited
Tata Medical & Diagnostic Limited
Tata Teleservices Limited
Infiniti Retail Limited
Tata SIA Airlines Limited
Tata Communication Limited
Tata Play Limited (Formerly known as Tata Sky Limited)

**(viii) Others**

Hotel Taj Ganges Employee Gratuity Trust

**Terms and conditions of transactions with related parties:**

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## 32 (b) Details of related party transactions during the year ended 31 March, 2023 and balances outstanding as at 31 March, 2023:

(₹ lakhs)

| S. No. | Particulars | Holding Company | | Fellow subsidiaries, JV, Associates of the Holding company & Entity with significant influence or their subsidiaries/JV | | Key Management Personnel (KMP) | | Entities in which Directors are interested/ Relatives of Directors | | Directors | | Others | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | **Transactions during the period:** | | | | | | | | | | | | |
| 1 | Repayment of ICD received during the year | - | - | - | 550.00 | - | - | - | - | - | - | - | - |
| 2 | Interest expense on ICD | - | - | - | 28.75 | - | - | - | - | - | - | - | - |
| 3 | KMP remuneration (Foot Note -1) | - | - | - | - | 85.46 | 72.27 | - | - | - | - | - | - |
| 4 | Other Reimbursement to KMPs | - | - | - | - | 0.80 | 3.19 | - | - | - | - | - | - |
| 5 | Director Sitting Fees | - | - | - | - | - | - | - | - | 13.20 | 10.80 | - | - |
| 6 | Director Commission on cash basis | - | - | - | - | - | - | - | - | 22.75 | - | - | - |
| 7 | License Fees expenses paid/accrued | - | - | - | - | - | - | 20.09 | 14.45 | 20.09 | 14.45 | - | - |
| 8 | Management fees expenses paid/ accrued | 734.93 | 335.37 | 2.62 | 1.33 | - | - | - | - | - | - | - | - |
| 9 | Fees paid for other services/accrued | 419.11 | 222.03 | 43.53 | 47.83 | - | - | - | 0.24 | - | - | - | - |
| 10 | Deputed Staff Expense at cost - incl. KMP remuneration | 93.61 | 80.06 | 79.77 | 100.86 | - | - | - | - | - | - | - | - |
| 11 | Deputed Staff Expense Recovered | 38.89 | 77.28 | 71.75 | 82.56 | - | - | - | - | - | - | - | - |
| 12 | Purchase of Goods/ Services | 0.40 | - | 30.85 | - | - | - | - | - | - | - | - | - |
| 13 | Purchase of Capital Goods | 0.65 | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Other Reimbursable Expense at cost | 135.96 | 81.53 | - | 0.05 | - | - | - | - | 0.06 | - | - | - |
| 15 | Other Operating Income- Rooms (including tax) | - | - | 9.05 | 5.25 | - | - | - | - | - | - | - | - |
| 16 | Other Income Earned/ Recoveries made | 23.39 | 6.99 | 6.15 | 3.19 | - | - | - | - | - | - | - | - |
| 17 | Dividend Paid | 64.38 | - | 5.43 | - | - | - | 7.87 | - | 2.96 | - | - | - |
| 18 | Contribution to Gratuity Trust on Cash Basis | - | - | - | - | - | - | - | - | - | - | 31.20 | 6.39 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| S. No. | Particulars | Holding Company | | Fellow subsidiaries, JV, Associates of the Holding company & Entity with significant influence or their subsidiaries/JV/ Associates | | Key Management Personnel (KMP) | | Entities in which Directors are interested | | Directors | | Others | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | **Balances outstanding at the end of the period:** | | | | | | | | | | | | |
| 1 | Current Account Receivable | 89.40 | 26.73 | 6.44 | 1.64 | - | - | - | - | - | - | - | - |
| 2 | Trade Payables | 8.41 | 44.00 | 0.41 | 0.74 | - | - | - | - | - | - | - | - |
| 3 | Trade Receivables | - | - | 3.69 | 1.16 | - | - | - | - | - | - | - | - |
| 4 | Current Account Payables | - | - | 3.21 | 2.24 | - | - | - | - | - | - | - | - |
| 5 | Provision for Expenses | 3.08 | - | 8.29 | - | - | - | 5.22 | - | 5.22 | - | - | - |
| 6 | Other Advances | - | - | - | 0.41 | - | - | - | - | - | - | - | - |

**Foot Note:**

1 KMP Remunerations paid as reimbursement to IHCL/Piem Hotels.

2 The board considers that Pass – through transactions, that involve receipt of funds on behalf of related parties and their pay-out to related parties, are not a related party transaction, hence, no specific/ omnibus approval is provided for the same and not disclosed here.

3 Managerial remuneration excludes long term employee benefits such as gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Company as a whole.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### 32 (c) Details of material transactions with related party during the year ended 31 March, 2023 and balances outstanding as at 31 March, 2023:

(₹ lakhs)

| S. No. | Entities | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **Material transactions during the year** | | |
| 1 | **The Indian Hotels Company Limited (IHCL)** | | |
| | i Management and operating Fees | 734.93 | 335.37 |
| | ii Fee for other Services | 419.11 | 222.03 |
| | iii Deputed Staff Expense at cost - incl. KMP remuneration | 93.61 | 80.06 |
| | iv Deputed Staff Expense Recovered | 38.89 | 77.28 |
| | v Other Income Earned/ Recoveries made | 23.39 | 6.99 |
| | vi Other Reimbursable Expense at cost | 135.96 | 81.53 |
| | vii Dividend Paid | 64.38 | - |
| | viii Purchase of Goods/ Services | 0.40 | - |
| | ix Purchase of Capital Goods | 0.65 | - |
| | **Fellow Subsidiary company** | | |
| 2 | **United Hotels Limited** | | |
| | i ICD Repayment made | - | 550.00 |
| | ii Interest Expense | - | 28.75 |
| | iii Deputed Staff Expense at cost | 13.27 | 10.38 |
| 3 | **KMP Remuneration - paid as reimbursement to IHCL/Piem Hotels** | | |
| | i Vivek Sharma | 47.02 | 41.33 |
| | ii Vanika Mahajan | 13.21 | 11.10 |
| | iii Harish Kumar | 25.22 | 19.83 |

(₹ lakhs)

| S. No. | Entities | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **Balances outstanding at the end of the year:** | | |
| 1 | **The Indian Hotels Company Limited (IHCL)** | | |
| | i Trade Payables | 8.41 | 44.00 |
| | ii Receivable on Current account dues | 89.40 | 26.73 |
| | iii Provision for Expenses | 3.08 | - |
| 2 | **United Hotels Limited** | | |
| | i Payable on Current account dues | 1.15 | 0.90 |

## Note 33 : Employee Benefits

(a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries) :

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident Fund | 39.12 | 34.26 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(b) The Company operates post retirement defined benefit plans as follows :-**

**Funded : Post Retirement Gratuity**

**(c) Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31, 2023:-**

### (i) Amount to be recognized in Balance Sheet and movement in net liability

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present Value of Funded Obligations | 250.18 | 245.93 |
| Fair Value of Plan Assets | 228.42 | 214.73 |
| Net (asset) / Liability - Current | 21.76 | 31.20 |

### (ii) Expenses recognized in the Statement of Profit & Loss

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current Service Cost | 17.95 | 17.31 |
| Interest on Net Defined Benefit Liability | 1.44 | (0.24) |
| **Total** | **19.39** | **17.07** |

### (iii) Amount recorded in Other Comprehensive Income

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Changes in financial assumptions | (10.28) | 1.00 |
| Changes in demographic assumptions | - | - |
| Experience Adjustments | 20.64 | - |
| Actual return on plan assets less interest on plan assets | 3.87 | 4.05 |
| **Total** | **14.23** | **5.05** |

### (iv) Reconciliation of Net Liability/ Asset

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Net Benefit Liability | 31.20 | 6.39 |
| Expense charged to profit and loss | 19.39 | 17.07 |
| Amount recognized outside profit and loss | 14.23 | 5.05 |
| Employer Contribution | (31.20) | (6.39) |
| Impact of liability assumed or (settled)* | (11.86) | 9.08 |
| **Closing Net Defined Benefit Liability/ (Asset) - Current** | **21.76** | **31.20** |

* On account of inter group transfer

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (v) Reconciliation of Defined Benefit Obligation

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Defined Benefit Obligation | 245.93 | 233.01 |
| Current Service Cost | 17.95 | 17.31 |
| Past Service Cost | - | - |
| Interest on defined benefit obligation | 15.58 | 14.62 |
| Actuarial Losses / (Gain) arising from change in financial assumptions | (10.28) | - |
| Actuarial Losses / (Gain) arising from change in demographic assumptions | - | - |
| Actuarial Losses / (Gain) arising on account of experience adjustments | 20.64 | 1.00 |
| Benefits Paid | (30.56) | (29.09) |
| Liabilities assumed / (settled)* | (9.08) | 9.08 |
| **Closing Defined Benefit Obligation** | **250.18** | **245.93** |

* on account of business combination or inter group transfer

### (vi) Reconciliation of Fair Value of Plan Assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Fair Value of Plan Assets | 214.73 | 226.62 |
| Employer Contribution | 31.20 | 6.39 |
| Interest on plan assets | 14.14 | 14.86 |
| Re-measurements due to Actual return on plan assets less interest | (3.87) | (4.05) |
| Benefits Paid | (30.56) | (29.09) |
| Liabilities assumed / (settled)* | 2.78 | - |
| **Closing Fair Value of Plan Assets** | **228.42** | **214.73** |

* on account of business combination or inter group transfer

### (vii) Description of Plan Assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Government of India Securities | 0% | 0% |
| Corporate Bonds | 0% | 0% |
| Special Deposit Scheme | 4% | 4% |
| Equity | 0% | 0% |
| Others - Bank FDR | 96% | 96% |
| **Grand Total** | **100%** | **100%** |

### (viii) Actuarial Assumptions

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate (p.a.) | 7.45% | 6.80% |
| Salary Escalation Rate (p.a.) | Staff- 5.00% | Staff- 5.00% |
| | Executive-4.00% | Executive-4.00% |

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations. Further, Mortality has been assumed as per the published notes under the Indian Assured Lives Mortality (2006-08) Ult table Change in Benefit Obligation.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (ix) Maturity Profile

| Maturity Profile | Amount in ₹ lakhs |
|---|---|
| Expected benefits for year 1 | 68.04 |
| Expected benefits for year 2 | 21.69 |
| Expected benefits for year 3 | 24.08 |
| Expected benefits for year 4 | 19.34 |
| Expected benefits for year 5 | 33.93 |
| Expected benefits for year 6 | 34.44 |
| Expected benefits for year 7 | 7.69 |
| Expected benefits for year 8 | 5.47 |
| Expected benefits for year 9 | 24.72 |
| Expected benefits for year 10 & above | 210.10 |

The weighted average duration to the payment of these cash flows is 6.51 years.

### (x) Effect of Change in Key Assumptions

**Year Ended 31st March 2023**

(₹ lakhs)

| | Discount Rate | Salary Escalation Rate |
|---|---|---|
| Impact of increase in 50 bps on DBO | -2.94% | 3.20% |
| Impact of decrease in 50 bps on DBO | 3.13% | -3.04% |

The expected contribution for the next year is ₹ 20 lakhs.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Information disclosed above is to the extent provided by actuary.

**Exposure to Risks:**

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to government security yields prevailing as at the Balance Sheet date. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has made investments in special deposit schemes of banks & FDRs. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate to invest funds in the bank FDRs

**Interest risk:** A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**Other regulatory matters**

## Note 34: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| (i) | Principal amount remaining unpaid to any supplier as at the end of the accounting year | 23.92 | 31.36 |
| (ii) | Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) | The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) | The amount of interest due & payable for the year | - | - |
| (v) | The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (vi) | The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## Note 35: Earnings Per Share (EPS):

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share' prescribed under Section 133 of the Companies Act, 2013.

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/ (Loss) after tax –(₹ ) | 2,338.03 | 565.28 |
| Number of Ordinary (Equity) Shares in lakhs | 13.00 | 13.00 |
| Weighted Average Number of Ordinary (Equity) Shares in lakhs: | | |
| Considered in calculation of Basic EPS | 13.00 | 13.00 |
| Considered in calculation of Diluted EPS | 13.00 | 13.00 |
| Face Value per Ordinary (Equity) Share (₹) | 10.00 | 10.00 |
| Earnings Per Share (₹): | | |
| Basic | 179.85 | 43.48 |
| Diluted | 179.85 | 43.48 |

## Note 36: Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

### Financial assets and liabilities

The carrying value of financial instruments by categories under the most relevant method i.e. amortised cost is as follows:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 982.01 | 73.98 |
| Bank Balances other than Cash & Cash Equivalents | 2,032.76 | 584.55 |
| Trade Receivables | 429.58 | 138.56 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loans & Advances | - | - |
| Other financial assets - Non Current | 675.88 | 516.10 |
| Other financial assets - Current | 200.96 | 75.92 |
| **Total** | **4,321.19** | **1,389.11** |
| **Financial liabilities:** | | |
| Borrowings | - | - |
| Lease Liabilities - Non Current | 370.72 | 363.70 |
| Lease Liabilities - Current | - | - |
| Trade Payables | 535.71 | 299.44 |
| Other financial liabilities - Non Current | - | - |
| Other financial liabilities - Current | 254.62 | 202.64 |
| **Total** | **1,161.05** | **865.78** |

**Fair value of Financial Instruments measured at amortised cost :**

The management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

## Note 37: Financial Risk Management

### (a) Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit team. Internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company has exposure to the following risks arising from financial instruments:

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The predominant currency of the company revenue and operating cash flows is the Indian Rupees. A few of the Company's reported trade payables have exposure to payables held in US dollars. Movements in foreign exchange rates can affect the Company's reported profits and net assets, however, the said impact is not material. The company does not have any investments, hence, price risk is not applicable.

### (c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and deposits with banks, financial institutions and others. The company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions. During the year, following provisions for doubtful debts has been made (reversed):

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening provision for Impairment** | 67.92 | 78.97 |
| Add- Provision made during the year | 0.01 | - |
| Less: Credit impaired Debts written off against past provisions | 18.93 | - |
| Less: Reversal of provision no longer required | - | 11.05 |
| **Closing provision for doubtful debts** | **49.00** | **67.92** |

### Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| No of Customers who owed more than 10% of the Total receivables | 1 | 1 |
| Contribution of Customers in owing more than 10% of Total receivables | 11% | 14% |

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not requires the company to track changes in credit risk, rather it recognises impairment loss allowance based on life time expected credit loss at each balance sheet date, since its initial recognition.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low.

### (d) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### (e) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Also, the company has an WCDL/ overdraft facility from a bank of which details are mentioned below. The balance of borrowings at year end is Nil.

#### Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Expiring within one year:** | | |
| Working Capital Demand Loan (WCDL) and Bank overdraft | 450.00 | 1,000.00 |
| Expiring beyond one year | - | - |
| **Total** | **450.00** | **1,000.00** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

The original limits were ₹ 1,000 lakhs which were renewed in December 2022 and reduced to ₹ 450 lakhs on account of non-utilization of the said facilities by the company. WCDL / Bank overdraft facilities may be drawn at any time by the Company.

**(f) Other Risk – Impact of Covid 19**

The business for the first quarter of previous year was impacted due to the outbreak of third wave of COVID-19. However, high pace of vaccinations, easing of COVID-19 restrictions and pent-up demand resulted in recovery, mainly in domestic leisure travel, in the second and subsequent quarters of financial year 2021-22. During the current year, the Company saw strong rebound in the business aided by leisure travel and gradual pick up in business travel. The Company will continue to closely monitor any material changes to future economic conditions on account of COVID-19 to assess any possible impact on the Company.

## Note 38:

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ lakhs)

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due from 6th year onwards | Total |
|---|---|---|---|---|---|
| **Year ended 31 March 2023** | | | | | |
| Borrowings (for renewal) | - | - | - | - | - |
| Trade and other payables | 535.71 | - | - | - | 535.71 |
| Lease Liabilities | 30.60 | 31.45 | 96.90 | 1,663.08 | 1,822.03 |
| Other financial liabilities - Non Current | - | - | - | - | - |
| Other financial liabilities - Current | 254.62 | - | - | - | 254.62 |
| **Year ended 31 March 2022** | | | | | |
| Borrowings ( for renewal) | - | - | - | - | - |
| Lease Liabilities | 29.75 | 30.60 | 94.35 | 1,697.08 | 1,851.78 |
| Trade and other payables | 299.44 | - | - | - | 299.44 |
| Other financial liabilities - Non Current | - | - | - | - | - |
| Other financial liabilities - Current | 202.64 | - | - | - | 202.64 |

## Note 39:Guarantees given

The company has given Bank Guarantees of ₹ 3.25 lakhs (PY - ₹ 3.25 lakhs) and Fixed Deposits of ₹ 6.00 lakhs (PY - ₹ 6.00 lakhs) to various government authorities & other parties for registrations and business purposes. These guarantees were issued against the Fixed Deposits of ₹ 3.25 lakhs made with the bank and a lien has been created on the Fixed Deposits of ₹ 6.00 lakhs excluding accrued interest.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 40: Disclosure pursuant to Ind AS 115/ Ind AS 108

### Contract With Customers

1 Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss. There are no variable considerations, returns or material discounts.

(₹ lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **Contract With Customers** | | |
| 1 | Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss. There are no variable considerations, returns or material discounts. | | |
| | **Income from operations:** | | |
| | a) Room Income, Food & Beverages and Banquets | 8,976.28 | 4,758.29 |
| | b) Shop Rentals | 62.28 | 49.73 |
| | c) Others | 293.94 | 175.94 |
| | **Total Revenue from operations** | **9,332.50** | **4,983.96** |
| **2** | **Impairment losses recognised on trade receivable during the year:** | 18.93 | (11.05) |
| | *includes bad debts written off of INR 18.93 lakhs in CY (PY - Nil) | | |
| **3** | **Disaggregate Revenue:** | | |
| | The following table presents company revenue disaggregated by type of revenue stream and by reportable segment (Refer Note 31 for Segment Reporting): | | |
| | **Revenue based on geography:** | | |
| | India | 9,332.50 | 4,983.96 |
| | Overseas | - | - |
| | **Revenue based on product and services:** | | |
| | a) Room Income (recognised over a period of time) | 5,234.59 | 2,633.44 |
| | b) Food & Beverages and Banquets (recognised at a point in time)* | 3,741.69 | 2,124.85 |
| | c) Shop Rentals (recognised over a period of time) | 62.28 | 49.73 |
| | d) Others revenue from contract with customers (recognsied at a point in time)* | 293.94 | 175.94 |
| | * At a point in time: Since transfer of goods or services happen across the counter, there are no significant judgements involved in determining when the customer obtains control of promised goods and services. | | |
| | The Company has adopted the time proportion method (elapsed time during the reporting period / contract period) for revenue recognition. As the services are available to customer uniformly throughout the period, the Company believes that this method provides a fair depiction of the transfer of services. | | |
| **4** | **Contract balances** | | |
| | The following tables present information about trade receivables, contract assets, and deferred revenue: | | |
| | Trade Receivables (net of provision for impairment) | 429.58 | 138.56 |
| | Deferred Revenue | - | |
| | Advance Collections (net of GST) | 222.98 | 182.96 |

### Advance Collections, deposits from customer

Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/restaurant/Banquets. Revenue is recognised once the performance obligation is met i.e. on room stay/ sale of food and beverage / provision of banquet services. Refer Note No. 3 on significant accounting policies for details of performance obligation and revenue recognition.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| At 01st April | 182.96 | 155.95 |
| At 31st March | 222.98 | 182.96 |
| **Analysed as:** | | |
| Current | 222.98 | 182.96 |
| Non-current | - | - |

Revenue recognised during the period that was included in the opening balance of Customer Advances amounted to INR 182.96 Lakhs (PY - INR 155.95 Lakhs)

## Note 41: 'Trade Receivable Ageing Schedule

### As on 31st Mar 2023

(₹ lakhs)

| | Unbilled | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 35.86 | 361.60 | 32.12 | | | | 429.58 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | | | 11.42 | 25.89 | 11.69 | 49.00 |
| (iv) Disputed Trade Receivables–considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| **Total** | **35.86** | **361.60** | **32.12** | **11.42** | **25.89** | **11.69** | **478.58** |
| Less : provision for credit impairement | | | | | | | 49.00 |
| Net Receivables outstanding at the end of the year | | | | | | | 429.58 |

### As on 31st Mar 2022

(₹ lakhs)

| | Unbilled | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 18.83 | 108.56 | 11.17 | - | - | - | 138.56 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 30.10 | 15.29 | 14.20 | 59.59 |
| (iv) Disputed Trade Receivables–considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | 8.33 | 8.33 |
| **Total** | **18.83** | **108.56** | **11.17** | **30.10** | **15.29** | **22.53** | **206.48** |
| Less : provision for credit impairement | | | | | | | 67.92 |
| Net Receivables outstanding at the end of the year | | | | | | | 138.56 |

* The above aging schedules have been prepared on the basis of transactions dates.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 42: 'Trade Payable Ageing Schedule

### As on 31st Mar 2023

(₹ lakhs)

| Particulars | Unbilled Dues | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) MSME | - | 23.18 | - | - | - | 23.18 |
| (ii) Others | 397.95 | 104.55 | 5.72 | 0.73 | 3.58 | 512.53 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **397.95** | **127.73** | **5.72** | **0.73** | **3.58** | **535.71** |

### As on 31st Mar 2022

(₹ lakhs)

| Particulars | Unbilled Dues | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) MSME | - | 31.36 | - | - | - | 31.36 |
| (ii) Others | 142.34 | 108.63 | 1.13 | 9.11 | 6.87 | 268.08 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **142.34** | **139.99** | **1.13** | **9.11** | **6.87** | **299.44** |

* The above aging schedules have been prepared on the basis of transactions dates.

## Note 43: Ratio

(₹ lakhs)

| S.No. | Ratio | in times/% | Numerator | Denominator | Current Year | Previous Year | Variance |
|---|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | Current Assets | Current Liabilities excluding current maturities of long term borrowings | 3.56 | 1.36 | 162% |
| b) | Debt - Equity | in times | Non - Current Borrowings + Current Borrowings | Total Equity | NA | NA | NA |
| c) | Debt service coverage | in times | Earnings available for debt service | Debt Service | NA | NA | NA |
| d) | Return on Equity | in % | Profit/(Loss) after tax | Average Total Equity | 26% | 8% | 249% |
| e) | Inventory Turnover | | NA | NA | NA | NA | NA |
| f) | Trade Receivable Turnover | in times | Revenue from operations | * Average Trade Receivables | 32.85 | 45.98 | -29% |
| g) | Trade Payable Turnover | in times | Total expenses - Depreciation - Interest - Payroll Cost | * Trade Payables | 10.89 | 10.80 | 1% |
| h) | Net Capital Turnover | in times | Net Sales | * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) | 6.10 | -32.85 | -119% |
| i) | Net Profit Ratio | in % | Profit/(Loss) after tax | Total Income | 25% | 11% | 118% |
| j) | Return on capital employed | in % | EBIT | * Avg Equity + Avg Debt + Avg Leases | 34% | 10% | 240% |
| k) | Return on Investment | in % | NA | NA | NA | NA | NA |

* Average = (Opening + Closing)/2

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**Foot Notes:**

(1) The ratios have improved in the current year vis a vis last year mainly on account of increase in business due to strong rebound in the business aided by leisure travel.

(2) As the Company is primarily engaged in hospitality sector (Service Industry), Inventory turnover ratio and Return on Investment ratio are not applicable to the Company.

(3) The company has not availed any borrowings during the year, hence, Debt Equity Ratio and Debt Service Ratio are not applicable.

## Note 44:Other Statutory Information:

**i. Details of Benami Property held**

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**ii. Wilful Defaulter**

The company has not been declared Wilful defaulter by any bank or financial institution or government or any government authority.

**iii. Compliance with number of layers of companies**

The company has complied with the number of layers prescribed under the Companies Act, 2013.

**iv. Compliance with approved scheme(s) of arrangements**

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**v. Loans to promoters, directors, KMPs and other Related Parties**

During the year, the Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs, and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are either:

(a) repayable on demand or

(b) without specifying any terms or period of repayment.

**vi. Loans and Advances**

A. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

B. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**vii. Undisclosed income**

The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provision of the Income Tax Act, 1961).

**viii. Details of Crypto currency or Virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**ix. Valuation of PP&E, intangible asset and investment property**

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**x. Registration of charges or satisfaction with Registrar of Companies:**

The Company is not required to register any charge and also not required to file any satisfaction of charges during the year with the Registrar of Companies. Hence, this is not applicable.

**xi. Title deeds**

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

**xii. Fair Valuation of Investment Properties**

The Company does not hold any investment property and hence the disclosure on fair valuation of investment property is not applicable to the Company.

**xiii. Returns to Banks**

The sanctioned terms of the overdraft & working capital facility do not specify for filings of any returns to bank. Also, the company has not utilised the sanctioned facility during the year. Further, the company has not availed any borrowings from the financial institutions. Hence, this is not applicable to the Company.

**xiv. Transactions with Struck off Companies**

There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**Note 45:** There are no financial liabilities and assets that are set off as at March 31, 2023 and March 31, 2022.

## Note 46: Dividends

The dividends paid during the fiscal year 2023 represent an amount of ₹ 130 lakhs @ ₹ 10.00 per equity share towards dividend for fiscal 2022.

The dividends declared by Benares Hotels Limited are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of Benares Hotels Limited. Subsequent to March 31, 2023, the Board of Directors of Benares Hotels Limited have proposed a dividend of ₹ 260.00 Lakhs (₹ 20.00 per share) in respect of fiscal 2023. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 260.00 lakhs.

## Note 47: Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern through a judicious mix for short term and long term sources. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility. Consistent with

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and Current Investment.

The Company has borrowings of ₹ Nil lakhs (previous year: ₹ Nil lakhs) and Net Debts of ₹ Nil lakhs (previous year: ₹ Nil lakhs) as at the end of the reporting period. Accordingly, the Company has Nil gearing ratio (Net Debt/ Total Equity) as at 31- Mar -2023 and 31- Mar -2022.

### Note 48:Others:

The date of implementation of the Code on Social Security, 2020 ('the Code') relating to employee benefits is yet to be notified by the Government and when implemented will impact the contributions by the Company towards benefits such as Provident Fund, Gratuity etc. The Company will assess the impact of the Code and give effect in the financial statements when the Code and Rules there under are notified.

### Note 49:Events Occurring After The Balance Date:

Effective April 01, 2023, The Gateway Hotel, Gondia has been rebranded as Ginger Gondia. This transition will benefit the hotel in terms of market positioning and profitability. Further, there are no adjusting events occurring after the balance sheet date for the financial year 2022-23.

**Note 50:**The disclosure required to be made in terms of Schedule V of SEBI (Listing Obligation And Disclosure Requirement) 2015 is not applicable to the company.

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**R. SURIYANARAYANAN**
Partner
Membership No. 201402

Date : April 19, 2023
Place : Mumbai

For and on behalf of the Board of Directors

**DR. ANANT NARAIN SINGH**
Chairman
DIN: 00114728

**ROHIT KHOSLA**
Director
DIN: 07163135

**HARISH KUMAR**
Chief Financial Officer
ICAI M. No - 534449

**VANIKA MAHAJAN**
Company Secretary
ICSI M.No - ACS34515

Date : April 19, 2023
Place : Mumbai

Date : April 19, 2023
Place : New Delhi

# Independent Auditors' Report

**To the Members of INDITRAVEL LIMITED**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Inditravel Limited ('the Company'), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement Of Changes In Equity and the Statement of Cash Flows and for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards Rules , 2015, as amended , ("Ind AS") and other accounting principles generally accepted in India,

(a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2023;

(b) In the case of the Statement of Profit and Loss (including other comprehensive income), of the loss for the year ended on that date;

(c) In the case of the Statement of Changes in Equity, of the changes in Equity for the year ended on that date; and

(d) In the case of the Statement of Cash flows , of the cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards of Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 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.

### Information Other than the Financial Statements and Auditor's Report Thereon

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, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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.

# Independent Auditors' Report (Contd.)

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 during the course of our 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.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.

# Independent Auditors' Report (Contd.)

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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable.

# Independent Auditors' Report (Contd.)

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

a. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 19 to the financial statements;

b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. there are no amounts that are required to be transferred, to the Investor Education and Protection Fund by the Company.

d. (i) the management has represented that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) the management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under clause d sub-clause (i) and (ii) contain any material mis-statement.

e. the Company has neither declared nor paid any dividend during the year.

f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 01, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **CHANDRASHEKAR IYER & CO**
Chartered Accountants
Firm Registration No. 114260W

**(HEMA S IYER)**
Partner
Membership No.186953
UDIN: 23186953BGZBAW6510

Mumbai, April 19, 2023

# Annexure – A To The Independent Auditors' Report

**(Referred to in Paragraph 1 Under 'Report on Other Legal and Regulatory Requirements' Section of our Report to the Members of Indi Travel Limited of Even Date)**

(i) (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has a programme of physical verification of its Property Plant and Equipment, by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, we report that the title deeds, comprising all the immoveable properties (other than property where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company as at the Balance sheet date.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year, accordingly, sub clause (d) of clause (i) of paragraph 3 of the said order is not applicable.

(e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder; accordingly, sub clause (e) of clause (i) of paragraph 3 of the said order is not applicable.

(ii) The Company is a service company accordingly; it does not have any inventories. Thus, sub clause (a) & (b) of clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The Company has not made investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Thus, clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable. The company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under section 185 of the Companies Act, 2013.

(v) In our opinion and according to information and explanations given to us and based on our examination of the records of the Company, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provision of section 73 to 76 or any other relevant provision of the Act and the rules framed there under. Accordingly, clause (v) of paragraph 3 of the said order is not applicable.

(vi) The company is not required to maintain cost records specified by the Central Government under subsection 1 of section 148 of the Act. Accordingly, clause (vi) of paragraph 3 of the said order is not applicable.

(vii). a. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable, however there has been a slight delay in few cases.

According to the information and explanations given to us and based on our examination of records of the Company, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance,

# Annexure – A To The Independent Auditors' Report (Contd.)

income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us and based on our examination of records of the Company, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute except the following:

| Name of the Statue | Nature of Dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | ₹27,55,410/- | Assessment Year 2011-12 | Commissioner of Income Tax (Appeals), Mumbai |

(viii) According to the information and explanations given to us, the company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, clause (viii) of paragraph 3 of the said order is not applicable.

(ix) (a) According to the information and explanations given to us and based on our examination of records of the Company, the company has not taken any loans or other borrowings. Accordingly sub clause (a) of clause (ix) of paragraph 3 of the said order is not applicable.

(b) According to the information and explanations given to us, the company is not a declared wilful defaulter by any bank or financial institution or other lender. Accordingly sub clause (b) of clause (ix) of paragraph 3 of the said order is not applicable.

(c) According to the information and explanations given to us and based on our examination of records of the Company, the company has not obtained any term loan. Accordingly sub clause (c) of clause (ix) of paragraph 3 of the said order is not applicable.

(d) According to the information and explanations given to us and based on our examination of records of the Company, no funds have been raised on short term basis. Accordingly sub clause (d) of clause (ix) of paragraph 3 of the said order is not applicable.

(e) According to the information and explanations given to us and based on our examination of records of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly sub clause (e) of clause (ix) of paragraph 3 of the said order is not applicable.

(f) According to the information and explanations given to us and based on our examination of records of the Company the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies. Accordingly sub clause (f) of clause (ix) of paragraph 3 of the said order is not applicable.

(x) (a) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, subclause (a) of clause (x) of paragraph 3 of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) during the year. Accordingly, subclause (b) of clause (x) of paragraph 3 of the Order is not applicable.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the company or on the company has been noticed or reported during the year.

(b) No report under sub-section 12 of section 143 of the Companies Act, 2013 has been filed by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

# Annexure – A To The Independent Auditors' Report (Contd.)

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause (xii) of paragraph 3 of the said order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and according to the explanations given to us the company has an internal audit system that is commensurate with the size and nature of its business.

(b) We have considered the Internal audit reports of the company for the period under audit.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered any non-cash transactions with directors or persons connected with its directors during the year. Hence the provisions of section 192 of the Companies Act 2013 are not applicable to the company.

(xvi) (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not conducted any Non-Banking Financial or Housing Finance activities hence sub clause (b) of clause (xvi) of paragraph 3 of the said order is not applicable.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, the company is a not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, subclause (c) of clause (xvi) of paragraph 3 of the Order is not applicable.

(d) According to the information and explanations given to us and based on our examination of the records of the Company, there are 6 core investment companies (CIC's) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions 2016 as at the end of the reporting period.

(xvii) According to the information and explanations given to us and based on our examination of the records, the company has incurred cash losses of ₹31,59,329/- during the year but has not incurred cash losses during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year, accordingly, clause (xviii) of paragraph 3 of the said order is not applicable.

# Annexure – A To The Independent Auditors' Report (Contd.)

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, the company is not required to spend any amount under section 135 (5) of the Companies Act, 2013 for the financial year. accordingly, sub clause (a) & (b) of clause (xx) of paragraph 3 of the said order are not applicable.

(xxi) According to the information and explanations given to us and based on our examination of the records of the Company, clause (xxi) of paragraph 3 of the said order is not applicable.

For **CHANDRASHEKAR IYER & CO**
Chartered Accountants
Firm Registration No. 114260W

**(HEMA S IYER)**
Partner
Membership No.186953
UDIN: 23186953BGZBAW6510

Mumbai, April 19, 2023

# Annexure 'B' To The Independent Auditors' Report

**(Referred to in Paragraph 1(f) Under 'Report on Other Legal and Regulatory Requirements Section of our Report to the Members of Indi Travel 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 Indi Travel Limited ("the Company") as of March 31, 2023 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 Board of Directors of the Company 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

## 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.

# Annexure 'B' To The Independent Auditors' Report (Contd.)

## 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, 2023 , 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 **CHANDRASHEKAR IYER & CO**
Chartered Accountants
Firm Registration No. 114260W

**(HEMA S IYER)**
Partner
Membership No.186953
UDIN: 23186953BGZBAW6510

Mumbai, April 19, 2023

# Balance Sheet
as at March 31, 2023

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| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 3 | 1,15,30,131 | 1,18,26,273 |
| Capital work-in-progress | 3 | | |
| Investment Property {refer note 32} | | 23,56,313 | 23,98,272 |
| Intangible assets | 4 | - | 7,128 |
| | | **1,38,86,444** | **1,42,31,673** |
| **Financial Assets** | | | |
| Investments | 5 | 6,99,76,890 | 6,99,76,890 |
| Income Tax Assets | | 1,60,26,977 | 2,12,01,421 |
| Other Financial Assets | | | |
| Security Deposit | | 26,000 | 26,000 |
| Deferred Tax Assets (Net) | 6 | 32,13,408 | 32,13,408 |
| **Total Non-Current Assets** | | **10,31,29,719** | **10,86,49,392** |
| **Current Assets** | | | |
| Financial assets | | | |
| Trade receivables | | - | - |
| Cash and cash equivalents | 7 | 32,39,525 | 66,70,964 |
| Bank balances other than cash and cash equivalents | 8 | 5,97,28,496 | 3,87,49,296 |
| Loans | 9 | - | 1,86,00,000 |
| Other current assets | 10 | 6,48,805 | 6,49,942 |
| **Total Current Assets** | | **6,36,16,826** | **6,46,70,202** |
| **Total** | | **16,67,46,545** | **17,33,19,594** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 11 (A) | 72,00,120 | 72,00,120 |
| Other equity | 11 (B) | 15,54,97,295 | 15,89,47,011 |
| **Total Equity** | | **16,26,97,415** | **16,61,47,131** |
| Non-Current Liabilities | | | |
| Financial liabilities | | | |
| Provisions | 12A | 27,85,352 | 23,51,660 |
| **Total Non-Current Liabilities** | | **27,85,352** | **23,51,660** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 13 | | |
| A) Total dues of Micro and Small enterprises | | | |
| B) Total dues other than Micro and small enterprises | | 8,99,309 | 26,38,109 |
| Other current liabilities | 14 | 2,91,661 | 21,23,232 |
| Provisions | 12B | 72,808 | 59,462 |
| **Total Current Liabilities** | | **12,63,778** | **48,20,803** |
| **Total** | | **16,67,46,545** | **17,33,19,594** |
| Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the Financial Statements from 1 to 37

As per our report attached
For **CHANDRASHEKAR IYER & CO.**
Chartered Accountants

For and on behalf of the Board

**HEMA S. IYER**
Partner
Membership No. 186953
Firm Registration No. 114260W

**FAISAL MOMEN**
Director
DIN : 00064878

**NABAKUMAR SHOME**
Director
DIN : 03605594

**HIMANSHU JAIN**
Director
DIN : 06890639

Place : Mumbai
Dated : April 19, 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

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| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | - | - |
| Other income | 15 | 68,70,630 | 2,22,89,285 |
| **Total Income** | | **68,70,630** | **2,22,89,285** |
| **Expenses** | | | |
| Changes in Inventories | 24 | | |
| Employee benefit expense | 16 | 61,28,394 | 49,46,576 |
| Depreciation and amortisation expense | | 6,588 | 6,588 |
| Other operating and general expenses | 17 | 20,78,807 | 1,06,91,643 |
| **Total Expenses** | | **82,13,789** | **1,56,44,807** |
| **Profit/ (Loss) Before Tax** | | **(13,43,159)** | **66,44,478** |
| **Tax Expense** | | | |
| Current tax | | - | 4,76,980 |
| MAT Credit utilised | | - | (4,57,311) |
| Deferred tax | | - | 12,29,304 |
| Short / (Excess) provision for the earlier years | | - | (11,13,727) |
| **Total** | | **-** | **1,35,246** |
| **Profit/ (Loss) After Tax for the Year from Continuing Operations** | | (13,43,159) | 65,09,232 |
| **Profit/ (Loss) from Discontinuing Operations** | 18 | (20,39,268) | (19,51,484) |
| **Tax Credit of Discontinuing Operations** | | | |
| **Profit/ (Loss) Including Discontinuing Operations (After Tax)** | | (33,82,427) | 45,57,748 |
| Other comprehensive income, net of tax | | | |
| **Items that will not be Reclassified Subsequently to Profit or Loss** | | | |
| Remeasurement of defined benefit obligation | | (67,289) | 56,323 |
| | | **(67,289)** | **56,323** |
| **Total Comprehensive Income for the Period** | | **(34,49,716)** | **46,14,071** |
| **Profit/ (Loss) for the Period Attributable to:** | | | |
| Owners of the Company | | (33,82,427) | 45,57,748 |
| **Total Comprehensive Income for the Period Attributable to** | | | |
| Owners of the Company | | (34,49,716) | 46,14,071 |
| Earnings per share: | | | |
| Basic - (₹) | | (4.70) | 6.33 |
| Diluted - (₹) | | (4.70) | 6.33 |
| Face value per ordinary share - (₹) | | 10 | 10 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying notes form an integral part of the Financial Statements from 1 to 37

As per our report attached
For **CHANDRASHEKAR IYER & CO.**
Chartered Accountants

For and on behalf of the Board

**HEMA S. IYER**
Partner
Membership No. 186953
Firm Registration No. 114260W

**FAISAL MOMEN**
Director
DIN : 00064878

**NABAKUMAR SHOME**
Director
DIN : 03605594

**HIMANSHU JAIN**
Director
DIN : 06890639

Place : Mumbai
Dated : April 19, 2023

# Cash Flow Statement
for the year ended March 31, 2023

| | | ₹ |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Cash Flow From Operating Activities** | | |
| Profit Before Tax | (33,82,427) | 46,92,994 |
| **Adjustments For :** | | |
| Depreciation and Amortisation | 2,23,098 | 2,23,098 |
| Loss on sale of assets | 30,715 | - |
| Interest Income | (53,86,801) | (20,60,066) |
| Asset written off | 83,666 | - |
| Provision for Employee Benefits | 3,79,749 | 2,17,756 |
| | **(46,69,573)** | **(16,19,212)** |
| Cash Operating Profit before working capital changes | (80,52,000) | 30,73,782 |
| **Adjustments for (Increase)/ Decrease in Operating Assets:** | | |
| Short-term loans and advances | 1,136 | (38,072) |
| Other Non-Current Assets | (4,40,384) | (29,88,488) |
| | **(4,39,248)** | **(30,26,560)** |
| **Adjustments for Increase/ (Decrease) in Operating Liabilities:** | | |
| Trade Payables | (17,38,800) | 11,18,105 |
| Short term provisions | - | (16,68,775) |
| Long term provisions | - | 1,47,255 |
| Other Current Liabilities | (18,31,571) | 27,19,624 |
| | **(35,70,371)** | **23,16,209** |
| Cash Generated from Operating Activities | (1,20,61,619) | 23,63,431 |
| Direct Taxes (Paid)/ Refunded | 56,14,828 | 2,20,46,881 |
| **Net Cash Generated From Operating Activities (A)** | **(64,46,791)** | **2,44,10,312** |
| **Cash Flow From Investing Activities** | | |
| Sale of Property, Plant and Equipment | 7,750 | - |
| Sale of current Investments | - | - |
| Interest Received | 53,86,801 | 20,60,066 |
| Fixed deposits matured | 31,23,141 | 2,00,00,000 |
| Fixed Deposit placed | (2,41,02,340) | (2,44,93,104) |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **(1,55,84,648)** | **(24,33,038)** |
| **Cash Flow From Financing Activities** | | |
| ICD Placed by Company | - | (1,86,00,000) |
| ICD matured | 1,86,00,000 | - |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **1,86,00,000** | **(1,86,00,000)** |

# Cash Flow Statement

for the year ended March 31, 2023

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | | ₹ |
| **Net Increase/ (Decrease) In Cash and Cash Equivalents (A + B + C)** | **(34,31,439)** | **33,77,274** |
| **Cash and Cash Equivalents - Opening (Refer Note No.8)** | 66,70,964 | 32,93,690 |
| **Cash and Cash Equivalents - Closing (Refer Note No.8)** | **32,39,525** | **66,70,964** |
| Summary of Significant Accounting Policies 2 | | |

The accompanying notes form an integral part of the Financial Statements from 1 to 37

As per our report attached
For **CHANDRASHEKAR IYER & CO.**
Chartered Accountants

**HEMA S. IYER**
Partner
Membership No. 186953
Firm Registration No. 114260W

Place : Mumbai
Dated : April 19, 2023

For and on behalf of the Board

**FAISAL MOMEN**
Director
DIN : 00064878

**NABAKUMAR SHOME**
Director
DIN : 03605594

**HIMANSHU JAIN**
Director
DIN : 06890639

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 1: Corporate Information

Inditravel Ltd is incorporated and domiciled in India and has its registered office at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001. The Company is primarily engaged in the business of Travel related services.

## Note 2: Statement of Significant Accounting Policies

**(a) Statement of Compliance:**

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

**(b) Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2022

**(c) Basis of Preparation and Presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(d) Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful Lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Fair Value Measurement of Derivative and Other Financial Instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined Benefit Plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- All assets and liabilities are classified into current and noncurrent generally on the criteria of realisation /settlement within twelve months period from the Balance sheet date.

### e) Revenue Recognition:

Revenue and cost are recognized and accounted on accrual basis. Sale of goods is net of Indirect tax, returns and trade discounts. Service Income is net of Indirect tax and is recognized when earned in accordance with the terms of the contract.

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Dividend

Dividend income is recognized when the Company's right to receive the amount is established.

### (f) Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes all expenditure incidental to acquisition and installation.

Subsequent expenditure relating to property, plant and equipment is 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Depreciation is charged to profit or loss so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|---|---|
| Buildings | 60 years |
| Plant & Machinery / Office Equipment | 15 years |
| Furniture & Fixtures | 15 years |
| Electrical fittings | 10 years |
| Computers | 6 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(g) Intangible Assets:**

Intangible assets include cost of acquired software and Licenses. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. The estimated useful life used for amortizing intangible assets are as under:

| Nature of Assets | Useful life adopted |
|---|---|
| Software and Licenses | 6 years |

**(h) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (i) Foreign Currency Translation :

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognized in the Statement of Profit and Loss.

## (j) Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell

## (k) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### (i) Current Tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

### (ii) Deferred Tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(l) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognized as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized in the financial statements.

**(m) Employee Benefits**

**(i) Provident Fund:** The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognized as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognizes such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

**(ii) Gratuity Fund**

The Company follows Unfunded Gratuity scheme and carry a provision based on actuarial valuation in the books of accounts. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**(iii) Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

**(iv) Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognized based on the entitlement thereof.

**(n) Cash and Cash Equivalent (For the Purpose of Cash Flow Statements):**

Cash comprises cash on hand and demand 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.

**(o) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(p) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(q) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Debt Instruments at Amortized Cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**Equity Investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in equity – others is carried at lower of cost or fair value

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

#### Initial Recognition and Measurement

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

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

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

#### Financial Liabilities at Fair Value through Profit or Loss

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

#### Gains or Losses on Liabilities Held for Trading are Recognized in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 3 : Property, Plant and Equipment (Owned, Unless Otherwise Stated)

₹

| | Improvements to Leasehold buildings | Freehold Land | Plant and Equipment | Furniture and Fixtures | Office Equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At April 01, 2021 | 1,06,73,111 | 16,24,088 | 13,98,295 | 59,244 | 5,917 | 1,37,60,655 |
| Additions | - | - | | | | - |
| Adjustments | | | | | | - |
| Disposals/ Transfer | - | | | | | - |
| **At March 31, 2022** | **1,06,73,111** | **16,24,088** | **13,98,295** | **59,244** | **5,917** | **1,37,60,655** |
| Additions | | | | | | - |
| Adjustments | | | | | | - |
| Disposals/ Transfer | | | 13,04,949 | | | 13,04,949 |
| **At March 31, 2023** | **1,06,73,111** | **16,24,088** | **93,346** | **59,244** | **5,917** | **1,24,55,706** |
| **Depreciation** | | | | | | |
| At April 01, 2021 | 4,92,267 | - | 12,30,252 | 28,168 | 2,556 | 17,53,243 |
| Charge for the year | 1,69,856 | - | 6,162 | 4,695 | 426 | 1,81,139 |
| Adjustments | | | | | | - |
| Disposals | - | | | | | - |
| **At March 31, 2022** | **6,62,123** | **-** | **12,36,414** | **32,863** | **2,982** | **19,34,382** |
| Charge for the year | 1,69,857 | | 6,162 | 4,695 | 426 | 1,81,140 |
| Adjustments | | | | | | - |
| Disposals | - | | 11,89,947 | | | 11,89,947 |
| **At March 31, 2023** | **8,31,980** | **-** | **52,629** | **37,558** | **3,408** | **9,25,575** |
| **Net Block** | | | | | | |
| **At March 31, 2022** | **1,00,10,988** | **16,24,088** | **1,61,881** | **26,381** | **2,935** | **1,18,26,273** |
| **At March 31, 2023** | **98,41,131** | **16,24,088** | **40,717** | **21,686** | **2,509** | **1,15,30,131** |

## Note 4 : Intangible Assets (Acquired)

₹

| | Software | Total |
|---|---|---|
| **Cost** | | |
| At April 01, 2021 | 50,955 | 50,955 |
| Additions | - | - |
| Adjustments | | - |
| Disposals | - | - |
| **At March 31, 2022** | **50,955** | **50,955** |
| Additions | - | - |
| Adjustments | | - |
| Disposals | 50,955 | 50,955 |
| **At March 31, 2023** | - | - |
| Amortisation | | |
| At April 01, 2021 | 43,827 | 43,827 |
| Charge for the year | - | - |
| Adjustments | | - |
| Disposals | - | - |
| **At March 31, 2022** | **43,827** | **43,827** |
| Charge for the year | - | - |
| Adjustments | | - |
| **Disposals** | **43,827** | **43,827** |
| At March 31, 2023 | 43,827 | 43,827 |
| **Net Block** | | |
| **At March 31, 2022** | **7,128** | **7,128** |
| **At March 31, 2023** | - | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 5 : Investments

₹

| Non Current Investments | March 31, 2023 Holdings As at | March 31, 2023 ₹ | March 31, 2022 Holdings As at | March 31, 2022 ₹ |
|---|---|---|---|---|
| **Fully Paid Unquoted Equity Instruments** | | | | |
| **Investments in Other companies (At Cost)** | | | | |
| Taj Trade & Transport Compnay Ltd shares of ₹10/- each fully paid-up | 5,50,766 | 2,83,11,373 | 5,50,766 | 2,83,11,373 |
| Taj Safaris Ltd of ₹10/- each, fully paid-up * | 1,11,70,380 | 11,17,03,800 | 1,11,70,380 | 11,17,03,800 |
| | **1,17,21,146** | **14,00,15,173** | **1,17,21,146** | **14,00,15,173** |
| Total Non-current Investments - Gross | | 14,00,15,173 | | 14,00,15,173 |
| Less : Provision for Diminution in value of Investments ** | | (7,00,38,283) | | (7,00,38,283) |
| **Total Non-current Investments - Net** | | **6,99,76,890** | | **6,99,76,890** |
| Footnotes : | | | | |
| 1) Aggregate of Unquoted Investments - Gross | | 14,00,15,173 | | 14,00,15,173 |
| 2) Aggregate amount of impairment in value of investments | | (7,00,38,283) | | (7,00,38,283) |
| 3) *These companies are the fellow subsidiaries of Inditravel limited | | | | |

4) ** Provision for diminution in value has been made on the basis of fair valuation of the shares of the company

## Note 6 : Deferred Tax Assets / (Liabilities) (Net)

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Assets:** | | |
| Provision for Employee Benefits | 4,54,362 | 4,54,362 |
| MAT Credit Entitlement | 17,07,311 | 17,07,311 |
| Others | 19,53,861 | 19,53,861 |
| **Total (A)** | **41,15,534** | **41,15,534** |
| Deferred Tax Liabilities: | | |
| Property, Plant and equipment & Intangible Assets | (9,02,126) | (9,02,126) |
| **Total (B)** | **(9,02,126)** | **(9,02,126)** |
| **Net Deferred Tax Assets /(Liabilities) (A+B)** | **32,13,408** | **32,13,408** |

## Note 7 : Cash and Cash Equivalents

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balances with bank in current account | 32,39,525 | 66,70,964 |
| | **32,39,525** | **66,70,964** |

## Note 8 : Bank Balances Other than Cash and Cash Equivalents

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Balances with banks** | | |
| Call and Short-term deposit accounts more than 3 months and less than 12 months # | 5,97,28,496 | 3,87,49,296 |
| | **5,97,28,496** | **3,87,49,296** |

#Fixed deposit of ₹1,00,000/- previous year ₹1,00,000 has been placed as deposit with VAT Authorities

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 9 : Loans

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| (Unsecured, considered good unless stated otherwise) | | |
| **Related parties** | | |
| Considered Good | - | 1,86,00,000 |
| Considered Doubtful | 72,32,200 | 72,32,200 |
| | **72,32,200** | **2,58,32,200** |
| **Less:** | | |
| Provision for Doubtful Advances | (72,32,200) | (72,32,200) |
| | **-** | **1,86,00,000** |

## Note 10 : Other Current Assets

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Receivables from Related Parties | 1,72,063 | - |
| Interest Receivable | 4,51,039 | 6,32,919 |
| Prepaid Expenses | 25,703 | 17,023 |
| **Total** | **6,48,805** | **6,49,942** |

## Note no. 11 (A) Share Capital Consist of the Following

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Share Capital** | | |
| **1 Authorised Share capital** | | |
| *a) Equity Shares* | | |
| *750000* (Previous Year 750000) Equity Shares of ₹10 each | 75,00,000 | 75,00,000 |
| *b) Preference Shares* | | |
| *12000000* (Previous Year 12000000) 6 % Cumulative Optionally Convertible Preference Shares of ₹10 each | 12,00,00,000 | 12,00,00,000 |
| *c) Unclassified Shares* | | |
| *17250000* (Previous Year 17250000) Unclassified Shares of ₹10 each | 17,25,00,000 | 17,25,00,000 |
| | **30,00,00,000** | **30,00,00,000** |
| **2 Issued, Subscribed and Paid up** | | |
| *a) Equity Shares* | | |
| *720012* (Previous Year 720012) Equity Shares of ₹10 each fully paid | 72,00,120 | 72,00,120 |
| | **72,00,120** | **72,00,120** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## Promoter shareholding

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Name of the promoter | The Indian Hotels Company Ltd | |
| Number of shares held | 3,39,009 | 3,39,009 |
| Percentage of total shares | 47.09% | 47.09% |
| Percentage change during the year | NIL | NIL |

### a. Shareholders holding more than 5% shares in the Company

₹

| Name of the Company | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % holding | No. of Shares | % holding |
| Equity share of ₹10/-each fully paid | | | | |
| The Indian Hotels Company Limited | 3,39,009 | 47.09% | 3,39,009 | 47.09% |
| Taj Trade and Transport company Limited | 72,001 | 10.00% | 72,001 | 10.00% |
| Piem Hotels Limited | 1,89,002 | 26.25% | 1,89,002 | 26.25% |
| Taj Enterprises Limited | 72,000 | 10.00% | 72,000 | 10.00% |

### b. Reconcilation of the shares outstanding at the beginning and at the end of reporting period

₹

| Name of the Company | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | ₹ | No. of Shares | ₹ |
| Opening Balance | 7,20,012 | 72,00,120 | 7,20,012 | 72,00,120 |
| Add : Issued during the year | - | - | - | - |
| Less : Redeeemed / Bought Back | - | - | - | - |
| **Closing Balance** | **7,20,012** | **72,00,120** | **7,20,012** | **72,00,120** |

### c. Shares in the Company held by its ultimate holding company including shares held by subsidiaries or associates of ultimate holding company

₹

| Name of the Company | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | holding | No. of Shares | holding |
| **Shares held by Ultimate Holding Company** | | | | |
| The Indian Hotels Company Limited | 3,39,009 | 47.09% | 3,39,009 | 47.09% |
| | **3,39,009** | **47.09%** | **3,39,009** | **47.09%** |
| **Shares held by Subsidiary of Ultimate Holding Company** | | | | |
| Piem Hotels Limited | 1,89,002 | 26.25% | 1,89,002 | 26.25% |
| Taj Trade and Transport Company Limited | 72,001 | 10.00% | 72,001 | 10.00% |
| Taj Enterprises Limited | 72,000 | 10.00% | 72,000 | 10.00% |
| Northen Indian Hotels Limited | 24,000 | 3.33% | 24,000 | 3.33% |
| | **3,57,003** | **49.58%** | **3,57,003** | **49.58%** |

d. The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting, exepct in case of interim dividend. In event of liquidation, the equity shareholders are eligible to receive the remianing assets of the Company after distribution of all perferential amounts, in proportion to their shareholding.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note: 11 (B) Statement of Changes in Equity

### A. Equity Share Capital

### (1) Current Reporting Period

₹

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 72,00,120 | - | - | - | 72,00,120 |

### (2) Previous Reporting Period

₹

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 72,00,120 | - | - | - | 72,00,120 |

₹

| Particulars | Share Application Money Pending Allotment | Equity Component of Other Financial Instruments | Other Equity | | | | | Money Received Against Share Warrants | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | Reserves and Surplus | | | | | | |
| | | | Capital Reserve | Securities Premium Account | General Reserve | Other Reserves | Retained Earnings | | |
| **Balance as at March 31, 2021** | - | | 15,50,000 | - | 5,19,18,242 | 12,00,00,000 | (1,91,35,302) | | 15,43,32,940 |
| Profit for the year ended March 31, 2022 | | | | | | | 45,57,748 | | 45,57,748 |
| Other Comprehensive Income for the year ended March 31, 2022, net of taxes, (excluding actuarial gain/ losses, given below) | | | | | | | | | |
| Remeasurements of post employment benefit obligation, net of tax | | | | | | | 56,323 | | 56,323 |
| **Total Comprehensive Income for the year ended March 31, 2022** | - | | - | - | - | | **46,14,071** | | **46,14,071** |
| **Balance as at March 31, 2022** | - | - | 15,50,000 | - | 5,19,18,242 | 12,00,00,000 | (1,45,21,231) | | 15,89,47,011 |
| Profit for the year ended March 31, 2023 | | | | | | | (33,82,427) | | (33,82,427) |
| Other Comprehensive Income for the year ended March 31, 2023, net of taxes, (excluding actuarial gain/ losses, given below) | | | | | | | | | - |
| Remeasurements of post employment benefit obligation, net of tax | | | | | | | (67,289) | | (67,289) |
| **Total Comprehensive Income for the year ended March 31, 2023** | - | | - | - | - | | (34,49,716) | - | (34,49,716) |
| **Balance as at March 31, 2023** | - | | 15,50,000 | - | 5,19,18,242 | 12,00,00,000 | (1,79,70,947) | | 15,54,97,295 |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## Note 12: Provision

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Long Term Provisions** | | |
| Employee Benefit Obligation (Non-current) | | |
| Leave Encashment | 6,13,406 | 5,21,629 |
| Gratuity | 21,71,946 | 18,30,031 |
| | **27,85,352** | **23,51,660** |
| **B) Short Term Provisions** | | |
| Employee Benefit Obligation (Current) | | |
| Leave Encashment | 62,273 | 51,809 |
| Gratuity | 10,535 | 7,653 |
| | **72,808** | **59,462** |

## Note 13: Trade Payables

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro and Small Enterprises ( Refer Note No 25 ) | - | - |
| Vendor Payables | 1,95,103 | 11,47,590 |
| Accrued expenses and others | 7,04,206 | 14,90,519 |
| | **8,99,309** | **26,38,109** |

Trade Payables ageing schedule

### As at March 31, 2023

₹

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | | | | | | - |
| (ii) Trade Payables - Others | | 1,95,103 | | | - | 1,95,103 |
| (iii) Accrued Expenses | | 7,04,206 | | | | 7,04,206 |
| (iv) Disputed dues - MSME | | | | | | - |
| (v) Disputed dues - Others | | | | | | - |
| **Total** | **-** | **8,99,309** | **-** | **-** | **-** | **8,99,309** |

### As at March 31, 2022

₹

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | | | | | | - |
| (ii) Trade Payables - Others | | 11,47,590 | | | | 11,47,590 |
| (iii) Accrued Expenses | | 1,90,519 | | | 13,00,000 | 14,90,519 |
| (iv) Disputed dues - MSME | | | | | | - |
| (v) Disputed dues - Others | | | | | | - |
| **Total -** | | **13,38,109** | **-** | **-** | | **26,38,109** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 14 : Other Current Liabilities

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Income received in advance | - | 14,71,693 |
| Statutory dues | 1,46,860 | 2,35,863 |
| Related Parties | 1,44,801 | 4,15,676 |
| | **2,91,661** | **21,23,232** |

## Note 15 : Other Income

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income From Financial Assets at Amortised Cost** | | |
| **Interest Income on** | | |
| Deposits with banks (Tax deducted at source ₹2,10,644/- (Previous Year ₹2,03,092/-) | 21,19,920 | 20,43,759 |
| Deposits with Related Parties | 14,71,693 | 16,307 |
| | **35,91,613** | **20,60,066** |
| Interest on Income Tax Refunds | 17,95,188 | 1,03,87,250 |
| **Total** | **53,86,801** | **1,24,47,316** |
| **Miscellaneous Income** | 14,83,829 | 98,41,969 |
| **Total** | **68,70,630** | **2,22,89,285** |

## Note 16 : Employee Benefit Expense and Payment to Contractors

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 26,04,122 | 24,30,629 |
| Company's Contribution to Provident and Other Funds | 5,68,071 | 3,94,822 |
| Reimbursement of Expenses on Personnel Deputed to the Company | 26,37,781 | 17,99,197 |
| Staff Welfare Expenses | 3,18,420 | 3,21,928 |
| **Total** | **61,28,394** | **49,46,576** |

## Note 17 : Other Operating and General Expenses

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Expenses Consist of the Following :** | | |
| Repairs to Buildings | 59,655 | 1,20,347 |
| Rent Rates and Taxes | 39,607 | 66,172 |
| Insurance | 1,15,189 | 76,991 |
| Printing and Stationery | - | 6,114 |
| Travelling and Conveyance Expenses | 1,91,902 | 1,70,782 |
| Legal and Professional Charges | 9,53,462 | 23,42,399 |
| Payment made to Statutory Auditors (Refer Footnote (i)) | 42,500 | 42,200 |
| Bad Debts | - | 78,07,181 |
| Miscellaneous Expenses | 5,62,111 | 59,457 |
| Loss on Sale of Assets | 30,715 | - |
| Assets Written Off | 83,666 | - |
| **Total** | **20,78,807** | **1,06,91,643** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (i) Payment made to Statutory Auditors:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditors | 40,000 | 40,000 |
| For out-of pocket expenses | 2,500 | 2,200 |
| | **42,500** | **42,200** |

## Note 18 : Profit/ (Loss) on Discontinued Operations

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Income from Discontinued Operation** | | |
| Profit on Relinquishment of Land | - | - |
| Rental Income | - | - |
| Miscellaneous Income | - | - |
| | - | - |
| Expenses from discontinued operation | | |
| Salaries, Wages, Bonus etc. | 14,72,076 | 13,19,558 |
| Rates and taxes | - | - |
| Repairs & Maintenance | 2,47,712 | 56,016 |
| Legal & Professional Expenses | 88,000 | 3,51,250 |
| Electricity | 14,970 | 8,150 |
| Depreciation | 2,16,510 | 2,16,510 |
| | **20,39,268** | **19,51,484** |
| **Total** | **(20,39,268)** | **(19,51,484)** |

## 19. Contingent Liabilities:

### Contingent Liabilities and Commitments (To the Extent Not Provided For)

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(i) Contingent Liabilities** | | |
| (a) Claims against the company not acknowledged as debt | | |
| (i) Income tax demand under appeal | 27,55,410 | 37,97,405 |
| | **27,55,410** | **37,97,405** |

Employee Related Matters

Some casual workers had claimed minimum wages/permanency in the company. The amount is unascertainable and the matter is pending in court.

The management believes that the outcome of the proceedings will not have an adverse effect on the company's financial position and results of the operation.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 20. Deferred Tax:

Following are the major components of deferred tax asset/(liability):

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Assets:** | | |
| Gratuity & Leave Encashment | 4,54,362 | 4,54,362 |
| Unabsorbed Depreciation | 22,21,457 | 22,21,457 |
| Others | (2,67,596) | (2,67,596) |
| MAT credit entitlement | 17,07,311 | 17,07,311 |
| **Total of Deferred Tax Assets (A)** | **41,15,534** | **41,15,534** |
| **Deferred Tax Liabilities:** | | |
| Depreciation on Fixed assets | (9,02,126) | (9,02,126) |
| **Total of Deferred Tax Liabilities (B)** | **(9,02,126)** | **(9,02,126)** |
| **Deferred Tax Net - Assets / (Liabilities) - (A-B)** | **32,13,408** | **32,13,408** |

## 21. Income Tax expenses Recognised in the Statement of Profit and Loss A/c:

### Income Tax Expenses Recognised in the Statement of Profit and Loss A/C:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| In respect of the current year | - | 4,76,980 |
| In respect of earlier years | - | (11,13,727) |
| | **-** | **(6,36,747)** |
| **Deferred Tax** | | |
| In respect of the current year | - | 12,29,304 |
| MAT Credit | - | (4,57,311) |
| | **-** | **7,71,993** |
| **Total Tax Expense Recognised in the Current Year** | | |
| | **-** | **1,35,246** |

### Reconciliation of Tax Expense with the Effective Tax

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/loss before tax (a) | (33,82,427) | 46,92,994 |
| Income tax rate as applicable (b) | 26.00% | 26.00% |
| Calculated Taxes based on above, without any adjustments for deduction [(a) x (b)] - c | (8,79,431) | 12,20,178 |
| **Permanent tax differences due to:** | | |
| Effect of income that is exempt from taxation (like dividend income) | - | - |
| Permanent disallowances | 14,439 | (7,43,198) |
| Others (Difference due to change in rate of tax) | - | - |
| Deferred tax liability no longer required | - | - |
| Deferred tax assets not created due to no probable certainty | 8,64,992 | - |
| Deferred tax assets reversed due to no probable certainty | - | - |
| Deferred tax assets no longer required | - | 7,71,993 |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| d | 8,79,431 | 28,795 |
| Tax for current year (c+d) | - | 12,48,973 |
| **Prior year taxes as shown above** | - | (11,13,727) |
| Income tax expense recognised in profit or loss | - | 1,35,246 |

## 22. Particulars of Earnings Per Share:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit /(loss) for the year as per the statement of profit and loss | (33,82,427) | 45,57,748 |
| Profit / (loss) to equity share holders | (33,82,427) | 45,57,748 |
| Weighted average number of equity shares | 7,20,012 | 7,20,012 |
| Nominal value per share | 10 | 10 |
| **Earnings per share – Basic & Diluted** | **(4.70)** | **6.33** |

## 23. Closure of Units:

a) The Company discontinued its printing, electroplating and other operations and Car Hire division with effect from March 2001 and December 2014 respectively. As on the dates of closure, the Company carried the following assets and liabilities of discontinued operations:

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| **Divisions** | | | | |
| Others | 1,46,53,512 | - | 1,46,95,471 | - |
| Car Hire | 1,00,000 | - | 1,00,000 | - |
| **Total** | **1,47,53,512** | **-** | **1,47,95,471** | **-** |

The Market values of these Assets are higher than the carrying value.

The Company has incurred Loss of ₹20,39,268/-(Previous Year Profit of ₹19,51,484/-) from discontinued business, which is included in the Profit and Loss Account, break-up of which is given as under:

| Particulars | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Revenue | Expenses | Profit/(Loss) | Revenue | Expenses | Profit/(Loss) |
| **Divisions** | | | | | | |
| Others | - | 5,67,192 | (5,67,192) | - | 6,31,926 | (6,31,926) |
| Car Hire | | 14,72,076 | (14,72,076) | | 13,19,558 | (13,19,558) |
| **Total** | **-** | **20,39,268** | **(20,39,268)** | **-** | **19,51,484** | **(19,51,484)** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**24.** In the opinion of the Board, current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of the Company's business.

## 25. Amounts due to Micro, Small and Medium Enterprises:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act,2006" has been determined to the extend such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) Principal amount due thereon remaining Unpaid to any supplier at end of each accounting year. | - | - |
| (b) Interest due there on remaining unpaid to supplier as at end of each accounting year. | - | - |
| (c) The amount of interest paid in terms ofSection 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (d) The 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 this Act | - | - |
| (e) The amount of interest accrued and remaining unpaid at the end of the accounting year. | - | - |
| (f) The amount further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually - - paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

## 26. Employee Benefits

Applicable Disclosures as per IND AS19:

The Company has calculated the various benefits to employees as under:

(A) Defined Contribution Plans

The company has recognized the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and other funds (net of recoveries)

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident fund | 1,73,962 | 1,70,393 |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

(B) Defined Benefit Plans

The company operates post retirement defined benefit plans as follows:

(i) Post retirement gratuity – Non Funded

(C) Defined benefit plans(Gratuity) – as per actuarial valuation on March 31, 2023: -

**Principal Actuarial Assumptions as at March 31, 2023.**

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Amount to be recognized in Balance Sheet and Movement in net Liability** | | |
| | Present Value of unfunded defined benefit obligation | 21,82,481 | 18,37,684 |
| | Net (Assets)/ Liability | 21,82,481 | 18,37,684 |
| **(ii)** | **Expense recognized in Statement of Profit & Loss** | | |
| | Current Service Cost | 90,631 | 1,29,318 |
| | Interest Cost | 1,24,702 | 1,59,646 |
| | **Total** | **2,15,333** | **2,88,964** |
| **(iii)** | **Expense recognized in Other Comprehensive Income** | | |
| | Re-measurements Due to: | | |
| | Changes in financial assumptions | (1,70,987) | 9,427 |
| | Experience adjustments | 2,38,276 | (65,750) |
| | Adjustment to recognize the effect of asset ceiling | - | - |
| | **Total** | **67,289** | **(56,323)** |
| **(iv)** | **Reconciliation of Defined Benefit Obligation:** | | |
| | Opening Defined Benefit Obligation | 18,37,684 | 30,07,949 |
| | Current Service Cost | 90,631 | 1,29,318 |
| | Interest Cost | 1,24,702 | 1,59,646 |
| | **Remeasurements due to actuarial loss/(gain) arising from** | | |
| | Changes in financial assumption | - | - |
| | Experience adjustments | 67,289 | (56,323) |
| | Benefits Paid | - | (14,02,906) |
| | Liabilities assumed/ Settled* | 62,175 | - |
| | **Closing Defined Benefit Obligation** | **21,82,481** | **18,37,684** |
| | * On account of Business combination or intergroup transfer | | |
| **(v)** | **Reconciliation of Fair Value of Plan Assets** | | |
| | Contribution by Employer | - | 14,02,906 |
| | Benefit Paid | - | (14,02,906) |
| | Closing of Fair Value of Plan Assets | - | - |
| **(vi)** | **Actuarial Assumptions :** | | |
| | Discount rate(p.a.) in % | 7.45% | 6.80% |
| | Salary escalation rate (p.a.) in % | 7% | 7% |
| | Pension Escalation Rate (p.a.) in % | - | - |
| | Annual Increase in Healthcare cost (p.a.) | - | - |
| | Mortality Table (LIC) | - | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (vii) Sensitivity Analysis

₹

| | March 31, 2023 | |
|---|---|---|
| | Discount Rate (%) | Salary Escalation Rate (%) |
| Impact of increase in 50 bps on DBO | -5.47% | 5.95% |
| Impact of decrease in 50 bps on DBO | 5.95% | -5.52% |
| **(viii) Data Summary:** | | |
| No. of Employees | 6 | 5 |
| Total Monthly Salary | 1,10,266 | 82,739 |
| Total Average Past Service | 19.08 | 20.79 |
| Value of liability | 21,82,481 | 1,837,684 |
| **(ix) Any other additional disclosure given in the report** | | |
| Mortality Table * - Table 1 | | |
| Mortality in Service - Table 1 | | |
| Mortality in Retirement - NA | | |
| *Table 1- Indian Assured Lives Mortality (2012-14) Ult table. | | |

## 27. Related Party Disclosure AS – 18, issued by the Institute of Chartered Accountants of India.

| | |
|---|---|
| **A. Holding Company** | The Indian Hotels Company Limited |
| **B. Subsidiaries of Holding Company** | KTC Hotels Limited |
| | United Hotels Limited |
| | Roots Corporation Limited |
| | Piem Hotels Limited |
| | Taj Trade and Transport Company Limited |
| | Northern India Hotels Limited |
| | Taj Enterprises Limited |
| | Benares Hotels Limited |
| | Luthria & Lalchandani Hotel & Properties Pvt. Ltd. |
| | Skydeck Properties and Developers Private Limited |
| | Sheena Investments Private Limited |
| | ELEL Hotels & Investments Limited |
| | Ideal Ice Limited |
| | Genness Hospitality Private Limited |
| | Qurio Hospitality Private Limited |
| | Taj International Hotels (H.K) Limited |
| | IHOCO BV |
| | St. James Court Hotels Limited |
| | Taj International Hotels Limited - London |
| | IHMS LLC |
| | IHMS LLC - San Francisco |
| | IHMS LLC - USA |
| | PIEM International Hotels (H.K) Limited |
| | BAHC 5 |
| | United Overseas Holdings Inc. |
| | IHMS Hotels (SA) (Proprietary) Limited |
| | Goodhope Palace Hotels (Proprietary) Limited |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

| | |
|---|---|
| **C. Joint Ventures of Holding Company** | Taj Kerala Hotels & Resorts Limited |
| | Taj SATS Air Catering Limited |
| | Taj Safaris Limited |
| | Kaveri Retreat & Resorts Limited |
| | Taj Karnataka Hotels & Resorts Ltd |
| | Taj GVK Hotels & Resorts Ltd |
| | TAL Hotels & Resorts Ltd |

## D. Details of Transactions with Related Parties are as Follows:

₹

| | Holding Company | | Subsidiaries of Holding Company | |
|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Reimbursement of Deputed Staff Salary | 12,10,885 | 4,18,096 | 11,57,114 | 13,81,101 |
| Sale or services received | - | - | 1,18,784 | 7,00,000 |
| Due on Current Account | (1,44,801) | (76,547) | 343 | (3,39,129) |

₹

| | Associates of Holding Company | |
|---|---|---|
| | 2022-23 | 2021-22 |
| Inter Corporate Deposits given | - | 1,86,00,000 |
| Inter Corporate Deposit Repaid | 1,86,00,000 | - |
| Interest Received on Inter Corporate Deposits | 14,71,693 | 16,307 |
| Interest Income received in advance | - | 14,71,693 |
| Due on Current Account | 1,71,720 | - |

## E. Statement of material transactions:

₹

| Company name | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Holding Company** | | |
| **The Indian Hotels Company Limited** | | |
| Reimbursement of Deputed Staff Salary | 12,10,885 | 4,18,096 |
| Current Account dues | (1,44,801) | (76,547) |
| **Subsidiaries of Holding Company** | | |
| **Taj Trade & Transport Company Limited** | | |
| Professional Services Income | 1,18,784 | 7,00,000 |
| Reimbursement of Deputed Staff Salary & Wages | 11,57,114 | 13,81,101 |
| Current Account Dues | 343 | -3,39,129 |
| **Associates of Holding Company** | | |
| **Taida Trading & Industries Limited** | | |
| Inter Corporate Deposits Given | - | 1,86,00,000 |
| Inter Corporate Deposit Repaid | 1,86,00,000 | - |
| Interest Income on Inter Corporate Deposits | 14,71,693 | 16,307 |
| Interest Income received in advance | - | 14,71,693 |
| Current Account Dues | 1,71,720 | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 28. Satisfaction of Charges with ROC:

There is no secured loan in the books, however for few old loans (as mentioned below) charges are yet to be satisfied with Registrar of Companies. Satisfaction of charges are pending as details of the loan closure documents are yet to be received from the bank.

| Details of Charges | | |
|---|---|---|
| **Bank** | **Charge Amount** | **Date of Creation** |
| Canara Bank | 10,00,000.00 | February 27, 1990 |
| Canara Bank | 82,50,000.00 | April 29, 1985 |
| Canara Bank | 6,50,000.00 | March 01, 1983 |
| Canara Bank | 50,51,000.00 | August 02, 1985 |
| Canara Bank | 4,50,000.00 | October 26, 1982 |

**29.** The details of provisions as required by the provisions of Indian Accounting Standard 37 "Provisions, contingent Liabilities and Contingent Assets" are as under:

₹

| Nature of Provision | Leave Encashment & Gratuity |
|---|---|
| Opening Balance | 24,11,122 |
| Additional provisioning | 4,47,038 |
| Amounts used during the year | - |
| Amounts reversed during the year | - |
| **Closing Balance** | **28,58,160** |

**30.** The Company₹s only business being travel related services, disclosure of segment –wise information is not applicable under Indian Accounting Standard – Segmental Information (AS – 108 notified by the Company's (Accounting Standards) Rules, 2006. There is no geographical segment to be reported since all the operations are undertaken in India.

**31.** The Company is carrying an investment of 1,11,70,380 Shares of Taj Safari Limited Face value ₹10 each, at ₹4,16,65,517/- (P.Y. ₹4,16,65,517/-). During the year no (P.Y. ₹NIL) additional provision for diminution in value of investments has been made in the existing provision based on fair valuation of the shares of the company.

**32.** The Company has investment in property amounting to ₹23,56,313/- (PY ₹23,98,272/-) where the right to title is executed through registered power of attorney.

## 33. Additional Information:

₹

| Sr No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| (i) | Value of imports on CIF basis | Nil | Nil |
| (ii) | Expenditure in Foreign Currency - | Nil | Nil |
| (iii) | Earnings in foreign exchange | Nil | Nil |

## 34. Sale of Services:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Car Hire and Other services | NIL | NIL |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**35.** As at March 31, 2023, the company's current liabilities do not exceed its current assets. The Company also has enough Cash and Bank balances for the next 12 months to prevent disruption of the operating cash flows and enable the Company to meet its debts and obligations as they fall due.

Accordingly, the financial statements of the Company are prepared on a going concern basis.

## 36. Additional Regulatory Information:

**(a) Details of Benami Property held**

The Company neither holds any benami property nor has it entered in to any benami transactions as prohibited under Prohibition of Benami Property Transactions Act, 1988. No proceedings have been initiated or pending against the company for holding any benami property under Prohibition of Benami Property Transactions Act, 1988 (as amended from time to time) and the rules made thereunder.

**(b) Transactions with struck off companies**

The Company has not entered in to any transactions and no balances are outstanding with companies struck off under section 248 of the Companies Act, 2013.

**(c) Undisclosed income**

Undisclosed income or property has not been the subject matter of tax assessment and no adjustments are made thereto in any of the previous financial years. Hence, the Company is not required to account for any previously unrecorded income or unrecorded assets that has been surrendered or disclosed during tax assessments of previous financial years.

**(d) Wilful defaulter**

The Company has not availed, utilised, or got sanctioned any limit funded or unfunded from any bank or financial institutions.

**(e) Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction thereof yet to be registered with Registrar of Companies beyond the statutory period in the name of the Company.

**(f) Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in crypto currencies or virtual currencies during the financial year.

**(g) Compliance with number of layers of companies**

The Company have complied with the number of layers prescribed under the Companies Act, 2013.

**(h) Utilisation of Borrowed funds**

a. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## (i) Ratio Analysis:

₹

| | March 31, 2023 | March 31, 2022 | Numerator | Denominator |
|---|---|---|---|---|
| (a) Current Ratio, | 50.3 | 13.4 | Current Assets | Current Liabilities excluding current maturities of long term borrowings |
| (b) Debt-Equity Ratio, | NA | NA | NA | NA |
| (c) Debt Service Coverage Ratio, | NA | NA | NA | NA |
| (d) Return on Equity Ratio, | -2.06% | 2.78% | Profit/(Loss) after tax | Average Total Equity |
| (e) Inventory turnover ratio, | NA | NA | NA | NA |
| (f) Trade Receivables turnover ratio, | NA | NA | NA | NA |
| (g) Trade payables turnover ratio, | NA | NA | NA | NA |
| (h) Net capital turnover ratio, | NA | NA | NA | NA |
| (i) Net profit ratio, | -49.23% | 20.45% | Profit/(Loss) after tax | Total Income |
| (j) Return on Capital employed, | -2.06% | 2.86% | EBIT | Avg Equity + Avg Debt + Avg Leases |
| (k) Return on investment. | NA | NA | NA | NA |

1. Change in current ratio is on account of reduced trade payables and income received in advance.
2. Reduced return on equity, net profit and return on capital employed ratio is as a result of loss incurred during the year compared to profits during the preceding year.

**37.** Previous year figures are regrouped and rearranged wherever necessary to match with current year's classification.

Signature to Notes Forming Part of Financial Statements 1 to 37

As per our report attached
For **CHANDRASHEKAR IYER & CO.**
Chartered Accountants

For and on behalf of the Board

**HEMA S. IYER**
Partner
Membership No. 186953
Firm Registration No. 114260W

**FAISAL MOMEN**
Director
DIN : 00064878

**NABAKUMAR SHOME**
Director
DIN : 03605594

**HIMANSHU JAIN**
Director
DIN : 06890639

Place : Mumbai
Dated : April 19, 2023

# Independent Auditors’ Report

**To the Members of IDEAL ICE LIMITED**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Ideal Ice Limited (“the Company”), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity 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 (hereinafter referred to as “financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and Loss and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements

## Information Other than the Financial Statements and Auditors’ Report Thereon

The Company’s Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors’ 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 during 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 the Managementand and Board of Directors for Financial Statements

The Company’s Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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.

# Independent Auditors' Report (Contd.)

In preparing the financial statements, Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 and Board of Directors 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

## Other Matters

The audited financial statements of the Company for the corresponding year ended March 31, 2022 prepared in accordance with Ind AS included in these financial statements, have been audited by the predecessor auditors whose audit report dated April 22, 2022 expressed an unmodified opinion on those audited financial statements.

# Independent Auditors' Report (Contd.)

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in 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 (including other comprehensive income), the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023; and

      iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

      (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 39 to the financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

# Independent Auditors’ Report (Contd.)

(c) Based on such audit procedures that the we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The Company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act is not applicable.

3. With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us, there is no remuneration paid by the Company to its directors during the current year, hence reporting under this clause is not applicable

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm’s Registration No.003990S/S200018

**ATHIYAN R**
Partner
Membership No. 237588
UDIN : 23237588BGZRYG2727

Place of Signature: Bangalore
Date: April 21, 2023

# Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Ideal Ice Limited ("the Company") on the financial statements as of and for the year ended March 31, 2023**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, physically verification is not due in the current year and hence no verification has been carried out during the year

(c) The Company does not have any immovable property, hence sub-clause (c) is not applicable

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification between the physical stocks and the book records are not 10% or more in the aggregate for each class of inventory.

b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties as follows:

(A) Other than subsidiaries, joint ventures and associates;

| Name of the Statute | Nature of the Dues |
|---|---|
| Aggregate amount granted / provided during the year<br>- Other than subsidiaries, joint ventures and associates | ₹ 1 |
| Balance outstanding as at balance sheet date<br>- Other than subsidiaries, joint ventures and associates | ₹ 1 |

(b) Based on our audit procedures and according to the information and explanation given to us, the investments made are not prejudicial to the Company's interest.

(c) Based on our audit procedures and according to the information and explanation given to us, the company has not given any loans or advances in the nature of loans. Hence, reporting under clause 3(iii)(d),(e) and (f) are not applicable

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has not given any loan, guarantees and security, nor made investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, and any other material statutory dues as applicable with the appropriate authorities, though there has been a slight delay in a few cases of Profession tax

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained;

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has made preferential allotment or private placement of shares during the year and requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised,

# Annexure A (Contd.)

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24)

(xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanation given to us by the management, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) The company has incurred cash losses of ₹ 415.25 lakhs in the financial year and ₹ NIL in the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we

# Annexure A (Contd.)

neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) Based on our audit procedures and according to the information and explanations given to us, the company is not required to spend the amount for corporate social responsibilities as required under section 135 of the Companies Act. Accordingly, paragraph 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**ATHIYAN R**
Partner
Membership No. 237588
UDIN : 23237588BGZRYG2727

Place of Signature: Bangalore
Date: April 21, 2023

# Annexure B

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

## Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Ideal Ice Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

# Annexure B (Contd.)

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

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**ATHIYAN R**
Partner
Membership No. 237588
UDIN : 23237588BGZRYG2727

Place of Signature: Bangalore
Date: April 21, 2023

# Balance Sheet

as at March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | 639 | 386 |
| (b) Capital work-in-progress | 35 | 82 | - |
| (c) Right of use assets | 31a | 1,427 | - |
| (d) Intangible assets | 4 | 888 | 991 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 0 | - |
| (ii) Other financial assets | 6 | 155 | 23 |
| (f) Deferred tax assets (net) | 7 | 132 | - |
| (g) Advance Tax assets (net) | 8 | 76 | 7 |
| (h) Other non current asset | 9 | 17 | 17 |
| | | **3,416** | **1,424** |
| **(2) Current assets** | | | |
| (a) Inventories | 10 | 172 | 96 |
| (b) **Financial assets** | | | |
| (i) Trade receivables | 11 | 229 | 466 |
| (ii) Cash and cash equivalents | 12 | 102 | 351 |
| (iii) Bank Balances other than Cash and Cash Equivalents | 12 | 1 | 1 |
| (iv) Other financial assets | 6 | 233 | 85 |
| (c) Other assets | 13 | 143 | 150 |
| | | **880** | **1,149** |
| **TOTAL ASSETS (1+2)** | | **4,296** | **2,573** |
| **II. EQUITY AND LIABILITIES** | | | |
| **(1) Equity** | | | |
| (a) Share capital | 14 | 1,499 | 588 |
| (b) Other equity | 15 | (738) | (220) |
| | | **761** | **368** |
| **Liabilities** | | | |
| (2) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 1,490 | 1,040 |
| (ii) Lease liability | 16 | 1,292 | - |
| (iii) Other financial liabilities | 17 | - | - |
| (b) Provisions | 18 | 18 | 11 |
| | | **2,800** | **1,051** |
| **(3) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | - | 160 |
| (ii) Lease liability | 16 | 176 | - |
| (iii) Trade payables | | | |
| a) Dues of micro and small enterprises | 19 | 10 | - |
| b) Dues of creditors other than micro, small and medium enterprises | 19 | 429 | 418 |
| (iv) Other financial liabilities | 17 | 91 | 562 |
| (b) Other liabilities | 20 | 27 | 13 |
| (c) Provisions | 18 | 2 | 1 |
| | | **735** | **1,154** |
| **TOTAL EQUITY AND LIABILITIES(1+2+3)** | | **4,296** | **2,573** |
| Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the financial statements

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
ICAI firm registration number: 003990S/S200018

**For and on behalf of the Board**
Ideal Ice Limited

**ATHIYAN R**
Partner
Membership Number: 237588

**PRABHAT VERMA**
Director
DIN: 06548864

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Bengaluru
Date: 21st April 2023

Place: Mumbai
Date: 21st April 2023

# Statement of Profit and Loss

for the year ended March 31, 2023

(₹ lakhs)

| | | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|
| **I** | **Revenue** | | | |
| | Revenue from operations | 21 | 2,464 | 701 |
| | Other income | 22 | 7 | 73 |
| | **Total income** | | **2,471** | **774** |
| **II** | **EXPENSES** | | | |
| | Food & beverages consumed | | 463 | 87 |
| | Employee benefits expense and payment to contractors | 23 | 755 | 274 |
| | Finance costs | 24 | 293 | 8 |
| | Depreciation and amortisation expense | 25 | 378 | 45 |
| | Other operating and general expenditure | 26 | 1,232 | 400 |
| | **Total expenses** | | **3,121** | **814** |
| **III** | **Loss before exceptional items and tax** | | **(650)** | **(40)** |
| **IV** | **Exceptional items** | | - | - |
| **V** | **Loss before tax (I-II-III-IV)** | | (650) | (40) |
| | **Tax expense/(Income)** | 27 | | |
| | i) Current tax | | - | 2 |
| | ii) Deferred tax | | (132) | |
| **VI** | **Total tax/(Income) expense** | | **(132)** | **2** |
| **VII** | **Loss for the year/ period (V - VI)** | | **(518)** | **(42)** |
| **VIII** | **Other comprehensive income/(loss)** | | | |
| | (i) Items that will not be reclassified subsequently to profit or (loss) | | | |
| | - Remeasurement of the defined benefit asset / (liability) | | 0 | |
| | (ii) Income tax effect | | | |
| | **Other comprehensive income / (loss) for the year/period, net of income tax** | | **0** | **-** |
| **IX** | **Total comprehensive income for the year/ period (VII + VIII)** | | **(518)** | **(42)** |
| | Earnings per equity share (₹) | 28 | | |
| | (a) Basic | | (8.31) | (1.40) |
| | (b) Diluted | | (8.31) | (1.40) |
| | Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the financial statements

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
ICAI firm registration number: 003990S/S200018

For and on behalf of the Board
**IDEAL ICE LIMITED**

**ATHIYAN R**
Partner
Membership Number: 237588

**PRABHAT VERMA**
Director
DIN: 06548864

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Bengaluru
Date: 21st April 2023

Place:
Date: 21st April 2023

# Statement of Changes in Equity
as at March 31, 2023

## A. EQUITY SHARE CAPITAL

Equity shares of ₹10 each issued, subscribed and fully paid

(₹ lakhs)

| | No. | Amount |
|---|---|---|
| **As at March 31, 2021** | 9,79,700 | 98 |
| Issued during the year | 48,98,224 | 490 |
| Changes in equity share capital due to prior period errors | - | - |
| **As at March 31, 2022** | **58,77,924** | **588** |
| Issued during the year | 91,10,781 | 911 |
| Changes in equity share capital due to prior period errors | - | - |
| **As at March 31, 2023** | **1,49,88,705** | **1,499** |

## B. OTHER EQUITY

(₹ lakhs)

| Particulars | Attributable to the equity holders | |
|---|---|---|
| | Reserves and Surplus | Total |
| | Retained earnings | |
| **As at March 31, 2021** | (178) | (178) |
| Profit/Loss for the year | (42) | (42) |
| Other comprehensive income (net of tax) | - | - |
| **As at March 31, 2022** | **(220)** | **(220)** |
| **As at March 31, 2022** | (220) | (220) |
| Profit/Loss for the year | (518) | (518) |
| Other comprehensive income (net of tax) | 0 | 0 |
| **As at March 31, 2023** | **(738)** | **(738)** |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
ICAI firm registration number: 003990S/S200018

For and on behalf of the Board
**IDEAL ICE LIMITED**

**ATHIYAN R**
Partner
Membership Number: 237588

**PRABHAT VERMA**
Director
DIN: 06548864

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Bengaluru
Date: 21st April 2023

Place: Mumbai
Date: 21st April 2023

# Cash Flow Statement

for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Loss for the year | (650) | (40) |
| **Non-cash adjustments to reconcile loss before tax to net cash flows:** | | |
| Depreciation | 378 | 45 |
| Liabilities / provision no longer required written back | (1) | (73) |
| Interest income | (6) | - |
| Finance cost | 293 | 8 |
| **Operating (loss)/profit before working capital changes** | **14** | **(60)** |
| **Working capital adjustments:** | | |
| Inventories | (76) | (96) |
| Trade and Other Receivables | 237 | (466) |
| Other current financial assets | (149) | (84) |
| Other non-current financial assets | (132) | (17) |
| Other Current Assets | 7 | (148) |
| Other Non Current Assets | (69) | (14) |
| Trade Payables | 20 | 412 |
| Other Current Liabilities | (456) | 570 |
| Short term provisions | 1 | 1 |
| Long-term Provisions | 7 | 11 |
| **Cash generated from/ (used in) operations** | **(595)** | **108** |
| Direct taxes paid (net of refunds) | | |
| **Net cash from/ (used in) operating activities** | **(595)** | **108** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets, including capital advances | (308) | (1,423) |
| Interest Income | 6 | |
| Bank Balances not considered as Cash & Cash Equivalents | | 1 |
| Deposits realised/(given) with other companies | | (23) |
| **Net cash from/ (used in) investing activities** | **(302)** | **(1,445)** |

# Cash Flow Statement
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of share capital | 911 | 490 |
| Proceeds from long term Loans | 1,200 | 1,200 |
| Proceeds from other short-term borrowings | 100 | 200 |
| Finance costs | (174) | (3) |
| Repayment of borrowings | (1,010) | (200) |
| Repayment of Lease liability | (380) | |
| **Net cash (used in)/ from financing activities** | **647** | **1,687** |
| **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **(249)** | **351** |
| Cash and cash equivalents at the beginning of the year | 351 | 0 |
| **Cash and cash equivalents at the end of the year** | **102** | **351** |
| **Components of cash and cash equivalents** | | |
| Balances with banks- on current accounts | 102 | 351 |
| Balances with banks- deposits with original maturity of less than three months | - | - |
| **Total cash and cash equivalents (Refer note 12)** | **102** | **351** |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
ICAI firm registration number: 003990S/S200018

For and on behalf of the Board
**IDEAL ICE LIMITED**

**ATHIYAN R**
Partner
Membership Number: 237588

**PRABHAT VERMA**
Director
DIN: 06548864

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Bengaluru
Date: 21st April 2023

Place: Mumbai
Date: 21st April 2023

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## Note 1. Corporate Information

Ideal Ice Limited (formerly Ideal Ice Cold Storage Co. Ltd.) is incorporated and domiciled in India and has its registered office at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001. The name of the company was changed to Ideal Ice Limited w.e.f September 16, 2021

The financial statements were approved by the Board of Directors and authorised for issue on April 21, 2023

## Note 2. Significant Accounting Policies

**(a) Statement of Compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared on accrual and going concern basis.

**(b) Basis of Preparation and Presentation:**

Accounting policies have been applied consistently except where a newly issued accounting standard is initially adopted or a revision to an existing accounting require a change in the accounting policy hitherto in use.

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All amounts included in the financial statements are reported in lakhs of Indian rupees (₹) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

**(c) Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.
- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and their tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

### (d) Revenue Recognition:

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

Revenue towards satisfaction of performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of contract.

**Management and Operating Fees:** Management fees earned from bungalows managed by the Company are usually under long-term contracts with the bungalow owner. Under Management and Operating Agreements, the Company's performance obligation is to provide bungalow management services and/or a license to use the Company's trademark and other intellectual property. Management and incentive fee is earned as a percentage of revenue and/or profit and are recognised when earned in accordance with the terms of the contract based on the underlying revenue, when collectability is certain and when the performance criteria are met. Both are treated as variable consideration.

**Food and Beverage Income:** Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue from food and beverage sale which is recognised once the food and beverages are sold.

#### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

### (e) Employee Benefits (other than for persons engaged through contractors):

i. **Provident Fund:** The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the Regional Provident Fund Commissioner.

ii. **Gratuity Fund**

The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

iii. **Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

**(f) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|---|---|
| Improvement to the buildings | 10 years |
| Computers | 6 to 10 Years |
| Furniture and fixtures | 8 years |
| Office equipment | 10 years |
| Plant & Machinery | 7 to 10 years |

For the assets acquired from Tata consumer products limited, management has re assessed and considered the useful life based on its technical evaluation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(g) Intangible Assets (Trade marks):**

Trademarks acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, trademarks are carried at cost less any accumulated amortisation and impairment losses, if any.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

Trademarks having finite lives have been ascribed a useful life of 10 years based on technical evaluation.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**(h) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**(i) Foreign Currency Translation :**

**Initial Recognition**

On initial recognition, all foreign currency transactions (other than advance receipt or payment of foreign currency) receipts or payments are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The foreign currency transactions received or paid in advance are accounted at the date of receipt or payment of foreign currency.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(j) Non-Current Assets held for Sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**(k) Assets taken on Lease:**

On inception of a contract, the Company assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost and they are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the principal portion of the lease payments have been disclosed under cash flow from financing activities.

**(l) Inventories:**

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

**(m) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(i) Current Tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred Tax:**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in the foreseeable future and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(n) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

**(o) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(p) Cash and Cash Equivalent (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**(q) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(r) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(s) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets/liabilities”.

**(t) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (‘FVTOCI’) or fair value through profit or loss (‘FVTPL’) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

fair value through profit or loss are expensed in the Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

**Debt Instruments at Amortised Cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial Recognition and Measurement

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

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

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

#### Financial liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

#### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognised in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate ('EIR'). The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

#### Derecognition

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**New and amended standards adopted by the Company:**

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, Key amendments are as below:

i. **Ind AS 16 – Property Plant and Equipment-**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

ii. **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets**

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Above mentioned amendments do not have any impact on the financial statements of the Company.

**New Standards/Amendments notified but not yet effective:**

The following Accounting Standards have been modified on miscellaneous issues with effect from April 1, 2023. Such changes include clarification/guidance on:

**(i)** **Ind AS 101** – First time adoption of Ind AS – Deferred tax assets and deferred tax liabilities to be recognised for all temporary differences associated with ROU assets, lease liabilities, decommissioning / restoration / similar liabilities.

**(ii)** **Ind AS 107** – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

**(iii)** **Ind AS 1** – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting – Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

**(iv)** **Ind AS 8** – Accounting policies, changes in accounting estimate and errors – Clarification on what constitutes an accounting estimate provided.

**(v)** **Ind AS 12** – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases effective 1st April 2022.

The Company is in process of evaluating the impact of the above amendments which is not expected to have any material impact on the financial statements of the Company. It may be noted that we expect there would be a change in Accounting policies section of the financial statements as the standard would require presentation of 'material accounting policies' as against 'significant accounting policies' disclosed so far.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 3 Property, Plant and Equipment

(₹ lakhs)

| | Plant and equipment | Office equipment | Furniture and Fixture | Leasehold improvements | Total |
|---|---|---|---|---|---|
| **Gross block** | | | | | |
| Additions | 91 | 8 | 57 | 232 | 389 |
| Disposals | - | - | | | - |
| **As at March 31, 2022** | **91** | **8** | **57** | **232** | **389** |
| Additions | 102 | 37 | 138 | 57 | 334 |
| Disposals | | | | | - |
| **As at March 31, 2023** | **194** | **45** | **195** | **289** | **723** |
| **Depreciation** | | | | | |
| Charge for the period | 0 | 0 | 2 | 0 | 2 |
| Disposals | | | | | - |
| **As at March 31, 2022** | **0** | **0** | **2** | **0** | **2** |
| Charge for the year | 23 | 4 | 21 | 32 | 81 |
| Disposals | | | | | - |
| **As at March 31, 2023** | **23** | **4** | **23** | **32** | **84** |
| **Net block** | | | | | |
| **As at March 31, 2022** | **91** | **9** | **55** | **232** | **386** |
| **As at March 31, 2023** | **170** | **41** | **172** | **256** | **639** |

## 4 Intangible Assets

(₹ lakhs)

| | Service and Operating rights | Total |
|---|---|---|
| **Gross block** | | |
| Additions | 1,034 | 1,034 |
| Disposals | - | - |
| **As at March 31, 2022** | **1,034** | **1,034** |
| **Additions** | | - |
| Disposals | | |
| **As at March 31, 2023** | **1,034** | **1,034** |
| **Amortisation** | | |
| Charge for the period | 43 | 43 |
| Disposals | - | - |
| **As at March 31, 2022** | **43** | **43** |
| Charge for the year | 103 | 103 |
| Disposals | - | |
| **As at March 31, 2023** | **146** | **146** |
| **Net block** | | |
| **As at March 31, 2022** | **991** | **991** |
| **As at March 31, 2023** | **888** | **888** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## 5 Investments *

(Unquoted)

(₹ lakhs)

| | Non-current | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Investment in equity shares | 0 | |
| **Total Investments** | **0** | **-** |

* Investment of 1 equity share of ₹ 1 each in Kadisland Hospitality Private Limited

## 6 Other Financial Assets

(₹ lakhs)

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Security deposits (unsecured, considered good) | | | | |
| Receivable from related party (refer note 32) | - | | | - |
| Others | 155 | 23 | - | 85 |
| Other advances / receivable on current account dues | | | | |
| Receivable from related party (refer note 32) | | | 197 | |
| Others | | | 36 | |
| **Total Other financial assets** | **155** | **23** | **233** | **85** |

## 7 Deferred tax assets (Net)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred tax assets / (liabilities) in relation to: | | |
| a) Property, plant and equipment and intangible assets | (10) | |
| b) Provision for employee benefits | 5 | |
| c) Leases | 10 | |
| d) Unabsorbed losses | 127 | |
| **Total deferred tax assets (net)** | **132** | **-** |

**Note:**

Reconciliation of deferred tax assets/ (liabilities) (net):

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount (charged) / credited in Statement of Profit and Loss | 132 | - |
| Amount (charged) / credited in OCI | - | - |
| **Closing balance** | **132** | **-** |

## 8 Tax assets (net)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Tax deducted at source | 76 | 7 |
| **Total tax assets** | **76** | **7** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 9 Other non current assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Capital advance | 17 | 17 |
| **Total other assets** | **17** | **17** |

## 10 Inventories

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and beverages | 78 | 22 |
| Stores and operating supplies | 94 | 74 |
| **Total inventories** | **172** | **96** |

## 11 Trade Receivables

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Unsecured** | | |
| Considered good | | |
| Receivable from related party (refer note 32) | 110 | - |
| Others | 119 | 466 |
| **Total trade receivable** | **229** | **466** |

Refer note 37 for Trade Receivables aging schedule

## 12 Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| i) in current accounts | 95 | 348 |
| Cash in hand | 7 | 3 |
| **Bank Balances other than Cash and Cash Equivalent** | | |
| Call and short term deposit accounts | 1 | 1 |
| **Total cash and cash equivalents** | **103** | **352** |

## 13 Other current assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Prepaid expenses | 68 | - |
| GST receivables | 52 | 149 |
| Other current assets | 0 | - |
| Advance to suppliers | | 1 |
| To others | 23 | |
| **Total other assets** | **143** | **150** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## 14 Share capital

| | Number | ₹ lakhs |
|---|---|---|
| **Equity share capital** | | |
| **Authorised share capital** | | |
| **As at March 31, 2022** | 1,50,00,000 | 1,500 |
| Increase/ (decrease) during the year | | |
| **As at March 31, 2023** | **1,50,00,000** | **1,500** |

### (a) Issued equity capital

| | Number | ₹ lakhs |
|---|---|---|
| **As at March 31, 2022** | 58,77,924 | 588 |
| Increase/ (decrease) during the year | 91,10,781 | 911 |
| **As at March 31, 2023** | **1,49,88,705** | **1,499** |

### (b) Subscribed and fully paid up :

| | Number | ₹ lakhs |
|---|---|---|
| **As at March 31, 2022** | 58,77,924 | 588 |
| Increase/ (decrease) during the year | 91,10,781 | 911 |
| **As at March 31, 2023** | **1,49,88,705** | **1,499** |

### (c) Details of shares held by each shareholder holding more than 5% shares:

(₹ lakhs)

| Name of share holder<br>Equity shares of ₹10 each with voting rights | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares held | % of holding in that class of shares | Number of shares held | % of holding in that class of shares |
| Indian Hotels Company Limited | 1,49,88,705 | 100% | 58,77,924 | 100% |

Rights, preferences and contingencies attached to equity shares

The Company has a single class of equity shares, having a par value of ₹ 10. Each holder of equity share is entitled to one vote per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. However, as on date no such preferential amounts exist. The distribution will be in proportion to number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## (d) Shares held by promoters

### % Change during the year

(₹ lakhs)

| Promoter name | No. of Shares | %of total shares | % Change during the year |
|---|---|---|---|
| Indian Hotels Company Limited | 58,77,924 | 100% | - |
| **As at March 31, 2022** | **58,77,924** | **100%** | **-** |
| Indian Hotels Company Limited | 1,49,88,705 | 100% | |
| **As at March 31, 2023** | **1,49,88,705** | **100%** | |

## 15 Other Equity

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Retained earnings** | | |
| **Opening balance** | (220) | (178) |
| Profit/(Loss) for the year | (518) | (42) |
| Less : Other comprehensive income | 0 | - |
| **Closing balance at the end of the year** | **(738)** | **(220)** |

## 16 Borrowings & Lease Liabillity *

(₹ lakhs)

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Borrowings | 1,490 | 1,040 | - | 160 |
| Lease liability | 1,292 | - | 176 | |

* During the current year, the Company has taken loan from holding company (IHCL) it carries interest at applicable at 9% p.a. . Maturity date is Sep 2025 & Dec 2025

* Refer Note 31 for lease liability

## 17 Other Financial Liabilities

(₹ lakhs)

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Employee related liabilities | | | 51 | 7 |
| Capital creditors | - | - | | |
| Payable to related party (refer note 32) | - | - | | |
| Others | | | | 478 |
| Payables on Current Account dues - Related parties | | | 40 | |
| Interest accrued but not due on borrowings | | | | 5 |
| Security deposits | - | | | 72 |
| **Total other financial liabilities** | **-** | **-** | **91** | **562** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 18 Provisions

(₹ lakhs)

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Provision for gratuity | 6 | 7 | 0 | 1 |
| Provision for compensated absences* | 12 | 4 | 2 | 0 |
| **Total provision for employee benefits** | **18** | **11** | **2** | **1** |

*Refer note 29.

## 19 Trade Payables

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade payable to related parties (refer note 32) | 68 | |
| Trade payable to others | 371 | 418 |
| | **439** | **418** |
| **The above amount includes** | | |
| Total outstanding due to micro and small enterprises | 10 | |
| Trade payables due to other than micro and small enterprises | 429 | 418 |
| | **439** | **418** |

a) The identification of micro, small and medium enterprise suppliers as defined under the provisions of "The Micro, Small and Medium Enterprise Development Act, 2006" is based on management's knowledge of their status. The disclosures relating to micro and small enterprises is as below:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a. Principal amount remaining unpaid to supplier at the end of the year | 10 | - |
| b. Interest due thereon remaining unpaid to supplier at the end of the year | - | - |
| c. Total interest paid on all delayed payments during the period under the provisions of the Act | - | - |
| d. Amount of interest accrued and remaining unpaid at the end of the year | - | - |
| e. the 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 Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

b) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- The dues to related parties are unsecured.

c) Refer note 36 for Trade Payables aging schedule.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## 20 Other Liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Statutory liabilities | 24 | 13 |
| Advance received from customers | | - |
| Others | 2 | - |
| **Total other liabilities** | **27** | **13** |

## 21 Revenue From Operations

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of Food & Beverages | 1,567 | 284 |
| Management & Operating Fees | 865 | 409 |
| Others Operating Income | 32 | 8 |
| **Total revenue from operations** | **2,464** | **701** |

## 22 Other Income

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest income on deposits with Banks | 1 | - |
| Interest income on other financial asset | 5 | - |
| Other Non operating income | 1 | 73 |
| **Total Other income** | **7** | **73** |

## 23 Employee Benefit Expenses

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries and wages | 355 | 117 |
| Contributions to provident and other funds | 18 | 1 |
| Reimbursement of expenses on personnel deputed to the company | 168 | 76 |
| Payment to contractors | 197 | 76 |
| Staff welfare expenses | 18 | 4 |
| **Total employee benefit expenses** | **755** | **274** |

## 24 Finance Costs

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest on lease liability | 119 | - |
| Interest on borrowings | 174 | 8 |
| **Total finance costs** | **293** | **8** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 25 Depreciation and Amortisation Expenses

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation on Property, Plant and Equipment | 81 | 2 |
| Depreciation of Right-of-use Assets | 193 | - |
| Amortisation on Intangible Assets | 103 | 43 |
| **Total depreciation and amortisation expenses** | **378** | **45** |

## 26 Operating and General Expenses

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Operating expenses consists of the following :** | | |
| Linen and room supplies | 12 | 2 |
| Catering supplies | 44 | 12 |
| Other supplies | 8 | 5 |
| Fuel, power and light | 68 | 20 |
| Repairs to buildings | 14 | 2 |
| Repairs to machinery | 17 | 6 |
| Repairs to others | 2 | 1 |
| Travel agents' commission | - | 12 |
| Discount to collecting agents | - | 0 |
| Other operating expenses | 22 | - |
| **General expenses consists of the following :** | | |
| Rent | 57 | 38 |
| Variable lease payments | 244 | - |
| Rates and taxes | 27 | 25 |
| Insurance | 12 | - |
| Advertising and publicity | 393 | 172 |
| Printing and stationery | 8 | 1 |
| Passage and travelling | 19 | 1 |
| Professional fees | 107 | 59 |
| Outsourced Support Services | 9 | 6 |
| Freight, Cartage & Porterage | 95 | - |
| Advances written off | 11 | - |
| Provision for Doubtful debts | 3 | - |
| Other expenses | 11 | 23 |
| Reimbursable Fees Expenses | 25 | - |
| Communication charges | 16 | 9 |
| i. As auditors | 6 | 2 |
| ii. For taxation matters | - | - |
| iii. For management services | - | - |
| iv. For other services | - | 5 |
| v. For reimbursement of expenses | - | - |
| **Total other expense** | **1,232** | **400** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 27 Income Tax

**Income tax expense in the statement of profit and loss consists of the following:**

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) Current tax | | - |
| (b) Deferred tax | (132) | - |
| **Total taxes** | **(132)** | **-** |

**Other comprehensive income (OCI)**

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year : | | |
| Net gain/ loss on remeasurement of defined benefit plans | - | - |
| **Total** | **-** | **-** |

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before taxes | (650) | (40) |
| Applicable tax rates in India | 25% | 25% |
| Computed tax charge | (164) | (11) |
| Tax effect on permanent non deductible expenses | 25 | 5 |
| Tax effect on items recognised in OCI during the year | - | - |
| Other Adjustments | 6 | 8 |
| **Total tax expenses** | **(133)** | **2** |
| **Income tax reported in the statement of profit and loss** | **(132)** | **-** |

## 28 Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company has not issued any dilutive instruments.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Face value of equity shares (₹ per share) | 10 | 10 |
| Loss attributable to equity shareholders (₹ in lakhs) | (518) | (42) |
| Weighted average number of equity shares used for computing basic and diluted earning per share (number in million) | 62,27,379 | 58,77,924 |
| **EPS- basic and diluted (₹)** | **(8.31)** | **(0.72)** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 29 Gratuity and other post-employment benefit plans

### a) Defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

#### i. Net benefit expenses (recognised in the statement of profit and loss):

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current service cost | 2 | 0 |
| Past service cost | 0 | - |
| Net interest cost on defined benefit obligations/ (assets) | 0 | 0 |
| **Net benefit expenses** | **3** | **1** |

#### ii. Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Actuarial (gain)/ loss on obligations arising from changes in financial assumptions | (0) | - |
| Actuarial (gain)/ loss on obligations arising from changes in experience adjustments | 0 | 0 |
| **Actuarial (gain)/ loss recognised in other comprehensive income** | **(0)** | **0** |

#### iii. Net defined benefit liability:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Defined benefit obligation | 6 | 4 |
| **Plan liability** | **6** | **4** |

#### iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening defined benefit obligation | 4 | |
| Current service cost | 2 | 0 |
| Past service cost | 0 | |
| Interest cost on the defined benefit obligation | | - |
| Acquisition adjustment | | 4 |
| **Closing defined benefit obligation** | **6** | **4** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### v. The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate (in %) | 7.45% | 6.80% |
| Salary escalation (in %) | 4.00% | 4.00% |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| Employee turnover (in %) | | |
| Retirement age | 60 Years | 60 years |
| Attrition / Withdrawal rates, based on age | | |
| 21-44 years | 10% | 10% |
| 45 and above years | 1% | 1% |

### vi. A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Discount rate** | | |
| Defined benefit obligation due to 0.5% increase in discount rate | -4.91% | -4.93% |
| Defined benefit obligation due to 0.5% decrease in discount rate | 5.33% | 5.37% |
| **Salary escalation rate** | | |
| Defined benefit obligation due to 0.5% increase in salary escalation rate | 5.49% | 5.49% |
| Defined benefit obligation due to 0.5% decrease in salary escalation rate | -5.08% | -5.08% |

## 30 Commitments and contingencies

### a. Capital and other commitments

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | Nil | 26 |

### b. Contingent liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Bank guarantees | Nil | Nil |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 31 Leases

### a. Right-of-use Assets

(₹ lakhs)

| | Building | Vehicles | Total |
|---|---|---|---|
| **Gross block** | | | |
| Additions during the period | - | - | - |
| Disposals/transfer | - | - | - |
| **At March 31, 2022** | **-** | **-** | **-** |
| Additions during the year | 1,676 | 144 | 1,821 |
| Disposals/transfer | 213 | - | 213 |
| **At March 31, 2023** | **1,463** | **144** | **1,607** |
| **Amortisation and impairment** | | | |
| Amortisation charge for the period | | | |
| Disposals/transfer | | | |
| **At March 31, 2022** | **-** | **-** | **-** |
| Amortisation charge for the year | 171 | 22 | 193 |
| Disposals/transfer | 13 | - | 13 |
| **At March 31, 2023** | **158** | **22** | **181** |
| **Net book value** | | | |
| **At March 31, 2022** | **-** | **-** | **-** |
| **At March 31, 2023** | **1,305** | **122** | **1,427** |

### b. Maturity analysis of lease liabilities (undiscounted value)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within one year | 314 | - |
| After one year but not more than five years | 1,072 | - |
| More than five years | 1,073 | - |
| **Total** | **2,459** | **-** |

### c. Interest expense on lease liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | 119 | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 32 Related parties

### (a) Names of related parties and description of relationship:

**Holding Company**

The Indian Hotels Company Limited (IHCL)

**Directors**

Sarabjeet Singh

Nabakumar Nikhilrajan Shome

Prabhat Sahay Verma

Himanshu Jain

**Subsidiary of Parent Company**

Piem Hotels Limited (PIEM)

Benaras Hotels Limited

Roots Corporation Limited

Taj Trade & Transport Company Limited

United Hotels Limited

Kadisland Hospitality Private Limited

**Jointly Controlled Entities of the Company**

Taj Sats Air Catering Limited. (Taj Sats)

Taj Madras Flight Kitchens Limited (TMFK)

Taj GVK Hotels & Resorts Limited (Taj GVK)

**Associates of the Company**

Oriental Hotels Limited (OHL)

**Subsidiaries / JV of Tata Sons Private Limited (Ultimate holding company)**

Tata Capital Finance Limited

Tata Consultancy Services Limited

Tata Digital Limited

Tata Consumer products Limited

Tata Payments Limited

Tata Power Company Limited

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## (b) Transactions during the period

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Management and Operating fees** | | |
| The Indian Hotels Company Limited | 256 | 145 |
| Taj SATS Air Catering Limited | 23 | 10 |
| Taj Madras Flight Kitchens Limited (TMFK) | 0 | 1 |
| Piem Hotels Limited | 105 | 64 |
| Roots Corporation Limited | 29 | 2 |
| Benares Hotels Limited | 3 | 1 |
| United Hotels Limited | 7 | 3 |
| Oriental Hotels Limited | 35 | 22 |
| Tata Power Company Limited | 25 | |
| Tata Digital Private Limited (formerly Tata Digital Limited) | 1 | |
| Taj GVK Hotels & Resorts Limited | - | 3 |
| Tata Consumer products Limited | 1 | |
| Tata Capital Finance Limited | 0 | |
| **Purchase of raw materials and stores and spares** | | |
| The Indian Hotels Company Limited | 1 | 5 |
| Taj SATS Air Catering Limited | 38 | |
| **Deputed Staff Salaries** | | |
| The Indian Hotels Company Limited | 206 | 86 |
| Taj Trade & Transport Company Limited | 6 | 2 |
| Taj GVK Hotels & Resorts Limited | - | 3 |
| **Advertisement and Business Support Service** | | |
| The Indian Hotels Company Limited | 25 | 29 |
| Tata Digital Private Limited (formerly Tata Digital Limited) | 6 | 5 |
| Tata Payments Limited | 1 | - |
| **Finance Costs** | | |
| The Indian Hotels Company Limited | 171 | 7 |
| United Hotels Limited | 2 | - |
| **Lease Cost** | | |
| Tata Capital Financial Services Limited | 18 | - |
| **Rent** | | |
| The Indian Hotels Company Limited | 54 | 14 |
| **License** | | |
| Tata Consultancy Services | | 7 |
| **Others** | | |
| Taj GVK Hotels & Resorts Limited | 0 | |
| The Indian Hotels Company Limited | 18 | |
| **Purchase of property, plant and equipment and intangible assets** | | |
| The Indian Hotels Company Limited | | 985 |
| **Investment in Equity share** | | |
| Kadisland Hospitality Private Limited | 0 | |
| **Equity contribution made during the period** | | |
| The Indian Hotels Company Limited (IHCL) | | 490 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## (c) Outstanding balances as at the year ended

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Trade receivables** | **110** | **245** |
| The Indian Hotels Company Limited | 60 | 166 |
| Piem Hotels Limited | 10 | 33 |
| Roots Corporation Limited | 6 | 1 |
| Benares Hotels Limited | 0 | 2 |
| United Hotels Limited | 1 | 6 |
| Oriental Hotels Limited | 2 | 27 |
| Taj GVK Hotels & Resorts Limited | - | 0 |
| Taj Sats Air Catering Ltd. (Taj Sats) | (6) | 11 |
| Taj Madras Flight Kitchens Limited (TMFK) | 0 | 1 |
| Tata Capital Finance Limited | - | - |
| Tata Consumer products Limited | 34 | - |
| Tata Power Company Limited | 2 | - |
| Tata Digital Limited | 0 | |
| Tata Payments Limited | - | |
| **Inter corporate Deposit** | | |
| The Indian Hotels Company Limited | 1,490 | 1,200 |
| **Deputed staff Receivable** | | |
| The Indian Hotels Company Limited | 1 | 19 |
| Tata Power Company Limited | 1 | |
| **Trade payables** | **(68)** | **(167)** |
| The Indian Hotels Company Limited | (61) | (159) |
| Tata Digital Ltd. | - | (5) |
| Oriental Hotels Limited | - | (0) |
| Piem Hotels Limited | - | (1) |
| Tata Consumer products Limited | (1) | - |
| Tata Payments LTd | - | - |
| United Hotels Limited | - | - |
| Taj Trade &Transport | - | (2) |
| Tata Capital Finance Limited | 0 | (1) |
| Tata Payments Limited | (0) | - |
| Taj Sats Air Catering Ltd. (Taj Sats) | (7) | |
| **Other Financial Liabilities** | **(40)** | |
| The Indian Hotels Company Limited | (40) | |
| United Hotels Limited | (0) | |
| Piem Hotels Limited | (0) | |
| Oriental Hotels Limited | (0) | |
| **Other Financial assets** | **197** | |
| Tata Power Company Limited | 173 | |
| The Indian Hotels Company Limited | 3 | |
| Roots Corporation Limited | 0 | |
| Taj Sats Air Catering Limited. (Taj Sats) | 0 | |
| Taj GVK Hotels & Resorts Limited (Taj GVK) | 6 | |
| Others | 14 | |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### (d) Compensation of key management personnel of the Company

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Remuneration | NIL | NIL |

#### Notes

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties . This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 33 Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment'

### (a) Basis of identifying operating segments:

The Company is in the hospitality business and the business of food delivery ,Restaurant & home stays are part of the hospitality business. Hence disclosure of segment-wise information is not applicable under Ind AS108 - 'Operating Segments'. There is no geographical segment to be reported since all the operations are undertaken in India.

## 34 Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

### (a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023 and March 31, 2022.

(₹ lakhs)

| Particulars | Carrying value | Amortised cost | FVTPL | Fair Value | | |
|---|---|---|---|---|---|---|
| | March 31, 2023 | | | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Investments | - | | - | - | - | |
| Other financial assets | 389 | 389 | | - | - | |
| Trade receivables | 229 | 229 | | - | - | |
| Cash and cash equivalents | 104 | 104 | | - | - | |
| **Total assets** | **722** | **722** | - | - | - | - |
| **Financial liabilities** | | | | | | |
| Lease liability | 1,468 | 1,468 | | - | | |
| Borrowings | 1,490 | 1,490 | | | | |
| Other financial liabilities | 91 | 91 | | - | | |
| Trade payables | 439 | 439 | | - | | |
| **Total liabilities** | **3,488** | **3,488** | - | - | - | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

(₹ lakhs)

| Particulars | Carrying value | Amortised cost | FVTPL | Fair Value | | |
|---|---|---|---|---|---|---|
| | March 31, 2022 | | | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Investments | - | | - | - | - | |
| Other financial assets | 108 | 108 | | - | - | |
| Trade receivables | 466 | 466 | | - | - | |
| Cash and cash equivalents | 352 | 352 | | - | - | |
| **Total assets** | **926** | **926** | **-** | **-** | **-** | **-** |
| **Financial liabilities** | | | | | | |
| Lease liability | - | - | | - | | |
| Borrowings | 1,200 | 1,200 | | | | |
| Other financial liabilities | 562 | 562 | | - | | |
| Trade payables | 418 | 418 | | - | | |
| **Total liabilities** | **2,181** | **2,181** | **-** | **-** | **-** | **-** |

Interest income/ (expense), gain/ (losses) recognized on financial assets and liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Financial asset at FVTPL** | | |
| Income due to change in fair value | - | - |
| **(d) Financial liabilities at amortized cost** | | |
| Interest expenses on borrowings, lease liabilities | 293 | 8 |

**(b) Fair Value Hierarchy**

An analysis of financial instruments (as indicated in the table above) that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, are as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Borrowings, loans, short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**(c) Financial risk management objectives and policies**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates and credit risk, which may adversely impact the fair value of its financial instruments.

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

**(d) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled receivables). Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables and cash and cash equivalents provided by the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹720 and ₹ 925 lakhs as at March 31, 2023 and March 31, 2022 , being the total carrying value of investments, trade receivables, cash and cash equivalents and other financial assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company does not hold collateral as security.

With respect to Trade receivables/unbilled revenue, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required.

The Company's has three customers individually contributing more than 10% of outstanding accounts receivable and unbilled revenue as at March 31, 2023 and one customers individually contributing more than 10% of outstanding accounts receivable as of March, 2022.

**(e) Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of a shortage of funds on a regular basis.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

| | On demand | 0 to 12 months | 1 to 5 Years | > 5 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2023** | | | | | |
| Lease liability | - | 314 | 1,072 | 1,073 | 2,459 |
| Borrowings | | - | 1,490 | | 1,490 |
| Trade payables | - | 439 | - | - | 439 |
| Other financial liabilities | - | - | - | - | - |
| | **-** | **753** | **2,562** | **1,073** | **4,388** |
| **As at March 31, 2022** | | | | | |
| Lease liability | - | - | - | - | - |
| Borrowings | | 160 | 1,040 | | 1,200 |
| Trade payables | - | 418 | - | - | 418 |
| Other financial liabilities | - | 562 | - | - | 562 |
| | **-** | **1,141** | **1,040** | **-** | **2,181** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### (f) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company does not have any significant foreign currency risk from non-derivative financial instruments as at March 31, 2023

## 35 Capital Work-in-Progress aging schedule

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 82 | - | - | - | 82 |
| Projects temporarily suspended | | | | | - |
| **As at 31 March 2023** | **82** | **-** | **-** | **-** | **82** |
| Projects in progress | - | | | | - |
| Projects temporarily suspended | - | - | - | - | - |
| **As at 31 March 2022** | **-** | **-** | **-** | **-** | **-** |

## 36 Trade Payables ageing schedule

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | - | 10 | - | | | 10 |
| (ii) Others | 314 | 78 | 37 | | | 429 |
| (iii) Disputed dues – MSME | | | | | | - |
| (iv) Disputed dues - Others | | | | | | - |
| **As at 31 March 2023** | **314** | **88** | **37** | **-** | **-** | **439** |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 185 | 234 | - | - | - | 418 |
| (iii) Disputed dues – MSME | | | | | | |
| (iv) Disputed dues - Others | | | | | | |
| **As at 31 March 2022** | **185** | **234** | **-** | **-** | **-** | **418** |

## 37 Trade Receivables aging schedule

| Particulars | Outstanding for following periods from due date of payment# | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | - | 225 | 2 | 3 | - | - | 229 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

| Particulars | Outstanding for following periods from due date of payment# | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (v) Unbilled revenue receivables | - | | | | | | - |
| **As at 31 March 2023** | **-** | **225** | **2** | **3** | **-** | **-** | **229** |
| (i) Undisputed Trade receivables – considered good | - | 466 | - | - | - | - | 466 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |
| (v) Unbilled revenue receivables | - | | | | | | - |
| **As at 31 March 2022** | **-** | **466** | **-** | **-** | **-** | **-** | **466** |

## 38 Financial ratios

| | March 31, 2023 | March 31, 2022 | Numerator | Denominator |
|---|---|---|---|---|
| (a) Current Ratio, | 1.20 | 1.00 | Current assets | Current liabilities |
| (b) Debt-Equity Ratio, * | 3.89 | 2.83 | Debt consists of borrowings and lease liabilities. | Total Equity |
| (c) Debt Service Coverage Ratio, * | 0.02 | 1.70 | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments | Debt service = Interest and lease payments + Principal repayments |
| (d) Return on Equity Ratio,* | -92% | -29% | Total Comprehensive income | Average total equity |
| (e) Inventory turnover ratio,* | 11.72 | 2.97 | Sales of products | Average Inventory |
| (f) Trade Receivables turnover ratio,* | 7.09 | 3.01 | Revenue from operations | Average Trade Receivables |
| (g) Trade payables turnover ratio,* | 4.00 | 1.16 | Total purchases | Average Trade Payables |
| (h) Net capital turnover ratio,* | 16.96 | (123.23) | Revenue from operations | Current assets - Current liabilities |
| (i) Net profit ratio,* | -21% | -6% | Total Comprehensive income | Revenue from operations |
| (j) Return on Capital employed,* | -16% | -9% | Profit before tax and finance costs | Capital employed = Net worth + Lease liabilities - Deferred tax liability |
| (k) Return on investment. | NA | NA | Income generated from invested funds | Average invested funds in treasury investment |

### Reasons for variance in financial ratios

* The company has commenced its commercial operations during Nov 2021, accordingly the comparative numbers are not representative of the full financial year

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 39 Additional disclosures

Additional information and disclosures as required under Schedule III to the act to the extent applicable to the company has been disclosed.

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off except as disclosed in Note 40

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2023

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)

or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## 40 Details of transactions with Struck off companies

Name of struck off Company - Frangipani Estate Private Limited

Receivable (Other financial asset) as on 31st March 2023 - ₹ 2,92,982 which is full provided in books

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
ICAI firm registration number: 003990S/S200018

For and on behalf of the Board
**IDEAL ICE LIMITED**

**ATHIYAN R**
Partner
Membership Number: 237588

**PRABHAT VERMA**
Director
DIN: 06548864

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Bengaluru
Date: 21st April 2023

# Independent Auditor's Report

To,

The Members of **KTC Hotels Limited**

## Report on the Audit of Financial Statements

### 1. Opinion

1.1 We have audited the accompanying financial statements of KTC Hotels Limited ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in equity 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 ( "the financial statements").

1.2 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its Loss, Other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### 2. Basis for Opinion

2.1 We conducted our audit of the financial statements, 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### 3. Emphasis of Matter

3.1 We draw attention to Note No. 23 of Notes to the financial statements wherein a fraud on the Company to an extent of ₹97,04,753 has been reported by the Company. We have been informed that the Company have initiated steps for recovery of the amount. Pending recovery, as a matter of prudence, the Company has made a provision in the books of account for an amount of ₹7704,753 (net of subsequent recovered amount).

3.2 Our opinion is not modified in respect of above stated matter.

### 4. Key Audit Matters

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

# Independent Auditor's Report (Contd.)

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1. | **Evaluation of Uncertain Tax Positions**<br>The Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes. | **Principle Audit Procedures**<br>Obtained details of completed tax assessments and demands for the year ended March 31, 2023 from management. We have evaluated the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We have also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Further, we considered the effect of additional information in respect of uncertain tax positions as on date of signing, to evaluate whether any change was required to management's position on these uncertainties. |
| 2. | **Recoverability of Indirect tax Receivables**<br>As at March 31, 2023, non-current assets represent Balance with Government Authorities in the nature of service tax recoverable amounting to ₹636 and deposit for disputed taxes amounting to ₹152 which are pending adjudication.<br><br>Refer Note 5 to the Financial Statements. | **Principle Audit Procedures**<br>We have reviewed the nature of the amounts recoverable and the likelihood of recoverability upon final resolution. We have evaluated the management's underlying assumptions in considering these amounts as recoverable based on the legal counsel's views on the pending appeals in estimating the likelihood of recoverability of amounts paid and the possible outcome of the disputes. |

## 5. Information Other than the Financial Statements and Auditor's Report Thereon

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

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

5.3 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 during the course of our audit or otherwise appears to be materially misstated.

5.4 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.

## 6. Responsibilities of Management and Those Charged with Governance for the Financial Statements

6.1 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other 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 judgements 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.

6.2 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6.3 Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

# Independent Auditor's Report (Contd.)

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

7.1 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.

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

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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.

e) 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.

7.3 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.

7.4 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.

7.5 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.

# Independent Auditor's Report (Contd.)

## 8. Report on Other Legal and Regulatory Requirements

8.1 As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in **"Annexure A",** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

8.2 As required by Section 143 (3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**;

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, there was no remuneration paid by the Company to its directors during the year. Hence provisions of Section 197 of the Companies Act, 2013 is not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19.1 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether,

# Independent Auditor's Report (Contd.)

directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not paid/ declared any dividends during the year under review. Hence, compliance of Section 123 of the Companies Act, 2013 is not applicable.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377
UDIN:

Place: Chennai
Date:

# Annexure A to the Independent Auditors' Report

Referred to in Paragraph 8 of our Report of Even Date

i. (a) (A) The Company is maintaining proper records, showing full particulars including quantitative details and situation of Property, Plant and equipment.

(B) The Company does not have any Intangible assets as at the year ended March 31, 2023.

(b) We are informed that the Property, Plant and Equipment and other assets have been physically verified by the Management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets and that no material discrepancies have been noticed on such verification.

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

(d) The Company has not revalued any of its Property, Plant and Equipment during the year.

(e) There are no proceedings initiated or pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii. (a) The Company is a service company, primarily engaged in business of renting of immovable property. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(b) According to the information and explanations provided to us and based on our verification of the records of the Company, the Company has not availed working capital facilities from banks or financial institutions. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.

iii. In our opinion and according to the information and explanations provided to us and based on verification of the records of the Company, the Company has not made any investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms Limited Liability Partnerships, or any other parties during the year. Hence, the provisions of clauses 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order are not applicable to the Company for the year.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments, given any guarantees and security for which the provisions of Sections 185 and 186 of the Companies Act, 2013 applicable. Accordingly, the provisions of clause 3(iv) of the Order is not applicable.

v. The Company has not accepted any deposits from the public or amounts which are deemed to deposits to which the directives issued by the Reserve Bank of India and the provision of Sections 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder, apply. Accordingly, the provisions of clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Accordingly, the provisions of clause 3(vi) of the Order is not applicable.

vii. (a) According to the information and explanations provided to us and based on our verification of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employee State Insurance, Income Tax, Sales tax, Service Tax, Duty of customs, duty of excise, value added tax, Cess and other statutory dues during the year with the appropriate authorities. There are no outstanding statutory dues as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and as per the records of the Company examined by us, the following disputed amount of statutory dues have not been deposited with the relevant authorities as per details given below:

# Annexure A to the Independent Auditors' Report (Contd.)
Referred to in Paragraph 8 of our Report of Even Date

| Nature of the Statute | Nature of dues | Amount (₹ in thousands) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income tax Act, 1961 | Income Tax | 959* | Assessment year 2005-06 | CIT (Appeals), Kozhikode |
| Income tax Act, 1961 | Income Tax | 992 | Assessment year 2020-21 | Rectification Petition u/s 154 is being filed. |
| Finance Act, 1994 | Service tax | 2247 | Financial year 2007-08 and 2008-09 | Office of the Commissioner of Central Excise, Customs and Service Tax (Appeals), Kochi |
| Finance Act, 1994 | Service tax | 1705 | Financial year 2009-10 and 2011-12 | Central Excise Service Tax Appellate Tribunal (CESTAT), Bengaluru |

*Out of the above, an amount of ₹524 have been adjusted against the refund due for the Assessment year 2009-10.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by the bank or financial institution or government or any government authority.

(c) The Company has not availed term loan during the year from bank and the term loan availed in an earlier year have been applied for the purpose for which the loans were obtained.

(d) The Company has not raised any short-term funds during the year and hence reporting under clause 3(ix)(d) of the order is not applicable.

(e) The Company does not have any subsidiaries, joint ventures or associate companies and hence reporting under clause 3(ix)(e) of the order is not applicable.

(f) The Company does not have any subsidiaries, joint ventures or associate companies and hence reporting under clause 3(ix)(f) of the order is not applicable.

x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.

(b) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable.

xi. (a) According to the information and explanations provided to us and based on our verification of the records of the Company, no fraud by the Company has been noticed or reported during the course of our audit during the year. As reported by the Company and as elaborated in note no. 23 of the notes to the financial statements, a fraud was committed on the Company for an amount ₹97,04,753 in fixed deposit account. We have been informed that the Company have initiated steps for recovery of the balance amount.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules,2014 with the Central Government, during the year and up to the date of this report.

(c) To the best of our knowledge and belief and according to the information and explanations given to us, there were no whistle-blower complaints received by the Company during the year (and up to the date of this report).

# Annexure A to the Independent Auditors' Report (Contd.)

Referred to in Paragraph 8 of our Report of Even Date

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.

xiv. According to the information and explanations given to us and based on our verification of the records of the Company, as per Section 138 read with applicable rules, appointment of internal auditor is not applicable to the Company. Thus, paragraph 3(xiv)(a) and 3(xiv)(b) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence provisions of Section 192 of the Act are not applicable to the Company. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) According to the information and explanations given to us, there are 5 Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period. In addition to this there is one CIC which is not required to be registered with RBI.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In our opinion Section 135(5) of the Act is not applicable to the Company. Hence reporting under clause 3(xx)(a) of the Order is not applicable.

(b) In our opinion Section 135(6) of the Act is not applicable to the Company. Hence reporting under clause 3(xx)(b) of the Order is not applicable.

xxi. The Company is not having any subsidiaries and therefore not required to draw any consolidated financial statements. Hence, the reporting under clause 3(xxi) of the Order is not applicable.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377
UDIN:

Place: Chennai
Date:

# Annexure B to the Independent Auditors' Report

## Report on the Internal Financial Controls Over Financial Reporting Under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls with reference to financial Statements of **KTC Hotels Limited** ("the Company") as of March 31, 2023 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

2. 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

3. 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 ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirement 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.

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

5. 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

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

# Annexure B to the Independent Auditors’ Report (Contd.)

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, except for the possible effects of certain transactions as mentioned in note no.23 of notes to financial statements involving recording of bank transactions and the Company need to strengthen internal control system surrounding the recording of bank transactions on the achievement of the objectives of the control criteria, to the best of our information and explanations given to us, the Company has, in all material respects, adequate internal financial controls over financial reporting and with reference to these financial statements and such internal financial controls system over financial reporting with reference to these financial statements were operating effectively as at March 31, 2023, 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 **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377
UDIN:

Place: Chennai
Date:

# Balance Sheet
as at March 31, 2023

(₹ in thousands)

| Particulars | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 3 | 27,437 | 28,070 |
| | | **27,437** | **28,070** |
| Financial Assets | | | |
| Income tax assets (Net) | | 572 | - |
| Other non-current assets | 5 | 788 | 788 |
| **Total Non-Current Assets** | | **28,797** | **28,859** |
| **Current Assets** | | | |
| **Financial Assets** | | | |
| i) Trade receivables | 6 | 931 | 1,204 |
| ii) Cash and cash equivalents | 7(a) | 2,199 | 674 |
| iii) Bank Balances other than Cash and Cash Equivalents | 7(b) | 17,147 | 26,000 |
| iv) Loans | 8 | - | - |
| v) Other financial assets | 4 | 2,587 | 1,226 |
| Other current assets | 5 | - | 12 |
| **Total Current Assets** | | **22,864** | **29,116** |
| **Total Assets** | | **51,661** | **57,975** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 9 | 6,040 | 6,040 |
| (b) Other Equity | 10 | 18,997 | 24,637 |
| **Total Equity** | | **25,037** | **30,677** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Financial Liabilities | | | |
| i) Borrowings | 11 | 1,447 | 1,317 |
| Deferred Tax Liabilities (Net) | 12 | 5,477 | 5,597 |
| Other non-current Liabilities | 13 | 19,040 | 19,621 |
| **Total Non-Current Liabilities** | | **25,964** | **26,535** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| i) Trade payables | 14 | 41 | 75 |
| Current tax liabilities (Net) | | - | 58 |
| Other current liabilities | 13 | 619 | 630 |
| **Total Current Liabilities** | | **660** | **763** |
| **Total Liabilities** | | **26,624** | **27,298** |
| **Total Equity And Liabilities** | | **51,661** | **57,975** |
| Accounting Policies | 1-2 | | |
| Additional Information | 19-30 | | |
| The accompanying notes form an integral part of the financial statements. | | | |

For and on behalf of the Board of directors of
**KTC Hotels Limited**

**Gautam Sethi**
Director
(DIN: 08571659)

**Prabhat Verma**
Director
(DIN: 06548864)

Place:
Date:

As per our report of even date attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377

Place: Chennai
Date:

# Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in thousands)

| Particulars | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 3,092 | 2,295 |
| Other income | 16 | 896 | 1,226 |
| **Total Income** | | **3,988** | **3,521** |
| **Expenses** | | | |
| Finance costs | 17 | 130 | 119 |
| Depreciation and Amortisation expenses | 3 | 634 | 634 |
| Provision for Doubtful Advances (Refer Note No. 23) | | 7,505 | - |
| Other expenses | 18 | 869 | 118 |
| **Total Expenses** | | **9,138** | **871** |
| **(Loss)/ Profit Before Exceptional Items** | | (5,150) | 2,650 |
| **Exceptional Items** | | - | - |
| **Profit/ (Loss) Before Tax** | | **(5,150)** | **2,650** |
| Tax Expense | | | |
| (1) Current tax | | 599 | 782 |
| (2) Deferred tax | | (120) | (115) |
| (3) Income tax relating to earlier years | | 11 | |
| **Profit for the Year** | | **(5,640)** | **1,983** |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | - | - |
| **Total Other Comprehensive Income (Net of Tax)** | | - | - |
| **Total Comprehensive Income for the Year** | | **(5,640)** | **1,983** |
| **Earnings Per Equity Share – Basic and Diluted (₹)** | | (9.34) | 3.28 |
| Weighted average number of equity shares | | 6,04,000 | 6,04,000 |
| (face value of ₹10/- each) | | | |
| Accounting Policies | 1-2 | | |
| Additional Information | 19-30 | | |
| The accompanying notes form an integral part of the financial statements. | | | |

For and on behalf of the Board of directors of
**KTC Hotels Limited**

**Gautam Sethi**
Director
(DIN: 08571659)

**Prabhat Verma**
Director
(DIN: 06548864)

Place:
Date:

As per our report of even date attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377

Place: Chennai
Date:

# Statement of Changes in Equity
for the year ended March 31, 2023

## A. Equity Share Capital

(₹ in thousands)

| | Note | Equity shares | Amount |
|---|---|---|---|
| Equity Shares of ₹10 each issued at par, subscribed and fully paid-up | | | |
| **As at March 31, 2021** | 9 | 6,04,000 | 6,040 |
| Changes in equity share capital during 2021-22 | | - | - |
| **As at March 31, 2022** | | **6,04,000** | **6,040** |
| Changes in equity share capital during 2022-23 | | - | - |
| **As at March 31, 2023** | | **6,04,000** | **6,040** |

## B. Other Equity

| Particulars | Reserves and Surplus | | Total Equity Attributable to Equity Shareholders of the Company |
|---|---|---|---|
| | General Reserve | Retained Earnings | |
| **As at March 31, 2021** | 3,300 | 19,354 | 22,654 |
| **Total Comprehensive Income for the Year ended March 31, 2022** | | | |
| Profit for the year | - | 1,983 | 1,983 |
| Other comprehensive income, net of taxes | - | - | - |
| **Total Comprehensive Income** | **-** | **1,983** | **1,983** |
| **Transactions with Owners, Recorded Directly in Equity** | | | |
| Contributions by and distributions to owners | | | |
| Dividend paid | - | - | - |
| **Dividend Tax** | - | - | - |
| **Total Contributions by and Distributions to Owners** | - | **-** | **-** |
| **As at March 31, 2022** | **3,300** | **21,337** | **24,637** |
| **Total Comprehensive Income for the Year ended March 31, 2023** | | | |
| (Loss)/ Profit for the year | - | (5,640) | (5,640) |
| Other comprehensive income, net of taxes | - | - | - |
| **Total Comprehensive Income** | **3,300** | **(5,640)** | **(5,640)** |
| **Transactions with Owners, Recorded Directly in Equity** | | | |
| **Contributions by and Distributions to Owners** | | | |
| Dividend paid | - | - | - |
| Dividend tax | - | - | - |
| **Total Contributions by and Distributions to Owners** | **-** | **-** | **-** |
| **As at March 31, 2023** | **3,300** | **15,697** | **18,997** |

For and on behalf of the Board of directors of
**KTC Hotels Limited**

**Gautam Sethi**
Director
(DIN: 08571659)

**Prabhat Verma**
Director
(DIN: 06548864)

Place:
Date:

As per our report of even date attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377

Place: Chennai
Date:

# Cash Flow Statement

for the year ended March 31, 2023

(₹ in thousands)

| Statement of Cash Flows | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Cash Flow from Operating Activities:-** | | |
| **Profit Before Tax** | (5,150) | 2,650 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 634 | 634 |
| Provision for doubtful advances | 7,505 | - |
| Interest Receivable Written off | 714 | - |
| Interest on Lease Deposit | 130 | 119 |
| Lease Income on Deposit | (581) | (581) |
| Interest Income | (896) | (1,226) |
| **Total Adjustments** | 7,506 | (1,055) |
| **Operating Profit Before Working Capital Changes** | **2,356** | **1,595** |
| **Adjustments for:** | | |
| Trade receivables | 273 | (960) |
| other financial assets | 1,316 | 0 |
| other assets | 12 | 0 |
| Other financial liabilities, provisions and other liabilities | (45) | (62) |
| **Cash Generated from Operating Activities (A)** | **3,912** | **573** |
| Income tax paid | (1,240) | (647) |
| **Net Cash from/ (used) in Operating Activities** | **2,672** | **(74)** |
| **Cash Flow from Investing Activities:** | | |
| Bank Balances other than Cash and Cash Equivalents | (1,147) | (10,000) |
| Interest income received | - | - |
| **Net Cash from/ (used) In Investing Activities (B)** | **(1,147)** | **(10,000)** |
| **Cash Flow from Financing Activities:** | | |
| Deposit from holding company | - | - |
| Interest on lease Deposit | - | - |
| **Net Cash from/ (used) In Financing Activities (C )** | **-** | **-** |
| **Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)** | **1,525** | **(10,074)** |
| Cash and cash equivalents at the beginning of the year | 674 | 10,747 |
| Cash and cash equivalents at the end of the year (Refer Note No:7a) | 2,199 | 674 |
| **Net Increase/ (Decrease) as Disclosed Above** | **1,525** | **(10,074)** |
| **Significant Accounting Policies – See Note No. 1 & 2** | | |

For and on behalf of the Board of directors of
**KTC Hotels Limited**

**Gautam Sethi**
Director
(DIN: 08571659)

**Prabhat Verma**
Director
(DIN: 06548864)

Place:
Date:

As per our report of even date attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**R. Nagendra Prasad**
Partner
Membership No. 203377

Place: Chennai
Date:

# Notes to the Financial Statements

for the year ended March 31, 2023

## Note 1: Corporate Information

KTC Hotels Limited ("the Company"), was set up in the year 1984 and has its registered office at The Gateway Hotel, Marine Drive, Ernakulam, Kochi – 682 011. The Major shareholders of the Company are The Indian Hotels Company Limited. The Company is engaged in the business of renting of immovable property.

The financial statements were approved by the Board of Directors and authorised for issue on April 24, 2023.

## Note 2: Significant Accounting Policies

### (a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 as amended from time to time.

### (b) Functional and Presentation Currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts are presented in Indian Rupees in Thousands, except share data, unless otherwise stated.

### (c) Basis of Preparation of Financial Statements

These financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities are classified as current and non-current as per Company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

### (d) Critical Accounting Estimates and Judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

### (e) Critical Accounting Estimates

#### a) Useful Lives of Property, Plant and Equipment and Intangible Assets

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

#### b) Impairment Testing

Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

### c) Income Taxes

Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

### d) Litigation

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

## (f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation/ amortisation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognsed when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

## (g) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

Management estimate of useful life of property plant and equipments is as follows:

| Particulars | Useful life estimated by management |
|---|---|
| Buildings | 60 years |

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

**(h) Impairment of Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

**(i) Revenue Recognition**

(i) License fees are recognised in accordance with contractual terms under completed contract service method.

(ii) Interest accrued is recognised in time proportion basis taking into account amount outstanding and rates applicable.

(iii) Other incomes are recognised on accrual basis except when there are significant uncertainties.

**(j) Assets Taken on Lease**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 01, 2015, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard

**(k) Income Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(1) Current Tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

In terms of Taxation Laws ( Amendment) Act, 2019, the Company can avail of an irreversible option to pay tax at lower rates subject to non-availment of certain exemptions and deductions u/s 115BAA of the Income Tax Act, 1961 and the Company has decided to avail of this option from the financial year 2019-2020 begining from April 01, 2019.

**(2) Deferred Tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(l) Borrowing Cost**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(m) Cash and Cash Equivalent (For the Purpose of Cash Flow Statement)**

Cash comprises cash on hand and demand 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.

**(n) Cash and Cash Statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year is classified by operating, investing and financing activities.

**(o) Earnings Per Share**

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

## (p) Financial Instruments

### Financial Assets:

#### Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### Initial Recognition and Measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Debt instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables. Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term

### Gains or Losses on Liabilities Held for Trading are Recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognised in Other Comprehensive Income ("OCI"). These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### Derecognition

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

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## (q) Provisions, Contingent Liability and Contingent Assets

Disputed liabilities and claims against the Company including claims raised by fiscal authorities pending in appeal for which no reliable estimate can be made and or involves uncertainty of the outcome of the amount of the obligation or which have remote chance for crystallisation are not provided for in accounts but disclosed by way of notes to the accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliable estimation can be made of the amount of obligation, is recognised in accounts in terms of discounted value, if the time value of money is material using a current pre-tax rate that reflects the risk specific to the liability. Contingent assets are not recognised in the accounts but are disclosed by way of notes to the accounts.

## (r) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so These items are identified by virtue of either their size or nature or incidence. The following items are considered to be exceptional in nature for reporting

- Impairment losses for non-current investments
- Gain or loss of Investments or a hotel/ undertaking
- Derivative loss/ gain
- Exchange gain/ loss on long-term external borrowings"

## (s) Standards Issued but not yet Effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

Ind AS 12 – Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

## Note 3: Property, Plant & Equipments

(₹ in thousands)

| Particulars | Land | Buildings | Total (A)+(B) |
|---|---|---|---|
| **Gross carrying value** | | | |
| Balance at April 01, 2019 | 42,52,675 | 2,82,57,172 | 3,25,09,847 |
| Additions | - | - | - |
| Deletions | - | - | - |
| **Balance at March 31, 2020** | **42,52,675** | **2,82,57,172** | **3,25,09,847** |
| Balance at April 01, 2021 | 4,253 | 28,257 | 32,510 |
| Additions | - | - | - |
| Deletions | - | - | - |
| **Balance at March 31, 2022** | **4,253** | **28,257** | **32,510** |
| Balance at April 01, 2022 | 4,253 | 28,257 | 32,510 |
| Additions | - | | |
| Deletions | - | | |
| **Balance at March 31, 2023** | **4,253** | **28,257** | **32,510** |
| **Accumulated Depreciation** | | | |
| Balance at April 01, 2019 | - | 38,05,561 | 38,05,561 |
| Depreciation | - | 634 | 634 |
| Deletions | - | - | - |
| **Balance at March 31, 2020** | **-** | **3,806** | **3,806** |
| Balance at April 01, 2021 | - | 3,806 | 3,806 |
| Depreciation | - | 634 | 634 |
| Deletions | - | - | - |
| **Balance at March 31, 2022** | **-** | **4,439** | **4,439** |
| Balance at April 01, 2021 | - | 3,806 | 3,806 |
| Depreciation | - | 634 | 634 |
| Deletions | - | - | - |
| **Balance at March 31, 2022** | | **4,439** | **4,439** |
| Balance at April 01, 2022 | - | 4,439 | 4,439 |
| Depreciation | - | 634 | 634 |
| Deletions | - | - | - |
| **Balance at March 31, 2023** | | **5,073** | **5,073** |
| **Net carrying value as at March 31, 2023** | **4,253** | **23,184** | **27,437** |
| **Net carrying value as at March 31, 2022** | **4,253** | **23,818** | **28,070** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 4: Other Financial Assets

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Unsecured, considered good | | |
| Interest Accrued but not due | 387 | 1,226 |
| Other Advances Recoverable | 9,705 | - |
| Less: Provision for doubtful advances | (7,505) | - |
| | **2,200** | |
| | **2,587** | **1,226** |

## Note 5: Other Assets

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Unsecured, considered good | | |
| Others – Balance with Government Authorities ( refer Note below) | 636 | 636 |
| Deposit for disputed taxes | 152 | 152 |
| | **788** | **788** |
| Note: Service tax paid and claimed as refund pending and filed an appeal before appellate authorities. | | |
| **Current** | | |
| Unsecured, considered good | | |
| Unsecured, considered good | | |
| Others – Balance with Government Authorities | - | 12 |
| | **-** | **12** |

## Note 6: Trade Receivables

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Unsecured | | |
| Considered good | 931 | 1,204 |
| | **931** | **1,204** |
| **Net Trade Receivables** | **931** | **1,204** |

(Refer Note 6.1)

## Note 6.1 Trade Receivables

(₹ in thousands)

| As at March 31, 2023 | Outstanding for Following Periods from Due Date of Payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | - | 931 | | - | - | - | 931 |
| **Total** | **-** | **931** | **-** | **-** | **-** | **-** | **931** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

(₹ in thousands)

| As at March 31, 2022 | Outstanding for Following Periods from Due Date of Payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | - | 960 | 245 | - | - | - | 1,204 |
| **Total** | **-** | **960** | **245** | **-** | **-** | **-** | **1,204** |

## Note 7(a): Cash and Cash Equivalents

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance with bank in current accounts | 2,199 | 674 |
| | **2,199** | **674** |

## Note 7(b): Bank Balances Other than Cash and Cash Equivalent

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| In Deposit Accounts | 17,147 | 26,000 |
| | **17,147** | **26,000** |

## Note 8: Loans

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (Unsecured, considered good unless stated otherwise) | | |
| Others | - | - |
| | **-** | **-** |

## Note 9: Share Capital

(₹ in thousands)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Equity Share Capital** | | |
| **Authorised** | | |
| 15,00,000 (15,00,000) equity shares of ₹10/- each | 15,000 | 15,000 |
| (March 31, 2021: 15,00,000 Equity Shares of ₹10/- each) | | |
| | **15,000** | **15,000** |
| **Equity Share Capital** | | |
| **Issued, subscribed and paid-up** | | |
| Equity shares | | |
| Face Value per ordinary share | | |
| 6,04,000 equity shares of ₹10/- each | 6,040 | 6,040 |
| (March 31, 2021: 6,04,000 Equity Shares of ₹10/- each) | | |
| | **6,040** | **6,040** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reported period

| Equity Shares | March 31, 2023 No. of shares | March 31, 2022 No. of shares |
|---|---|---|
| At the beginning of the period | 6,04,000 | 6,04,000 |
| Issued during the period | - | - |
| **Outstanding at the end of the period** | **6,04,000** | **6,04,000** |

### (b) Details of shareholders holding more than 5% shares of the Company

| Class of shares/ Name of shareholder | March 31, 2023 & March 31, 2022 | |
|---|---|---|
| | No. of shares | % of holding |
| Indian Hotel Company Ltd. | 6,04,000 | 100% |

## Note 10: Other Equity

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves & Surplus** | | |
| General Reserve | 3,300 | 3,300 |
| **Retained Earnings** | | |
| Balance at the beginning of the year | 21,337 | 19,354 |
| (Loss)/ Profit as per Statement of Profit and Loss | (5,640) | 1,983 |
| **Total** | **15,697** | **21,337** |
| **Total Reserves and Surplus** | **18,997** | **24,637** |

## Note 11: Borrowings

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| **From Related Party** | | |
| Long-term deposit at amortised cost | 1,447 | 1,317 |
| **Total** | **1,447** | **1,317** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 12: Deferred Tax Liabilities (Net)

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| On excess of net book value over income tax written down value of fixed assets | 5,477 | 5,597 |
| **Total (A)** | **5,477** | **5,597** |
| **Deferred Tax Assets:** | | |
| Provision for doubtful debts | - | - |
| Others | - | - |
| **Total (B)** | | |
| **Net Deferred Tax Liabilities (A-B)** | **5,477** | **5,597** |

## Note 13: Other Liabilities

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Advances | | |
| Advance lease rental – Lease Deposit | 19,040 | 19,621 |
| | **19,040** | **19,621** |
| **Current** | | |
| Income Received in Advance | 581 | 581 |
| Statutory dues | 38 | 49 |
| | **619** | **630** |

## Note 14: Trade payables

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade Payables** | | |
| Total outstanding dues of micro enterprises and small enterprises (refer Note 14.1) | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 41 | 75 |
| | **41** | **75** |

### 14.1 Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

(₹ in thousands)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of the year | - | - |
| The interest due on the principal remaining outstanding as at the end of the year | - | - |
| The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year | - | - |
| The 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 Act | - | - |
| The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act | - | - |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 14.2 Trade Payables

(₹ in thousands)

| Mar-23 | Outstanding for Following Periods from Due Date of Payment# | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | 45 | | - | - | - | 45 |
| **Total** | **-** | **45** | **-** | **-** | **-** | **-** | **45** |

(₹ in thousands)

| Mar-22 | Outstanding for Following Periods from Due Date of Payment# | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | - | 75 | - | - | - | 75 |
| **Total** | **-** | **-** | **75** | **-** | **-** | **-** | **75** |

## Note 15: Revenue from Operations

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| License Fees | 2,511 | 1,714 |
| Lease rental income on deposit | 581 | 581 |
| | **3,092** | **2,295** |
| **Income from Operation is derived from the following services:** | | |
| Management & Operating Fees | 3,092 | 1,714 |
| | **3,092** | **1,714** |

## Note 16: Other Income

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest Income | 896 | 1,226 |
| **Total** | **896** | **1,226** |

## Note 17: Finance Costs

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest Expense on Lease deposit | 130 | 119 |
| **Total** | **130** | **119** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 18: Expenses

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Payment to Auditors – | | |
| i. Statutory Audit Fees | 45 | 75 |
| ii. Taxation Matters | 5 | 5 |
| Other expenses | 105 | 38 |
| Interest Receivable Written Off | 714 | - |
| | **869** | **118** |

## Note 19: Additional Information

### Note 19.1: Contingent Liabilities and Commitments (To the Extent not Provided for in the Accounts)

(₹ in thousands)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **I. Contingent Liabilities:** | | |
| **(a) Claims against the Company not acknowledged as debts** | | |
| Income Tax Demands disputed in Appeals not provided for AY 2005-06 and AY 2020-2021 (Refer note 19.1.a) | 1,951 | 959 |
| Income Tax refund for the AY 2020-21 reduced as per intimation u/s 143(1) pending rectification by the Income Tax Authorities | 36 | 36 |
| Service Tax Demands disputed in Appeals not provided for 2007-08 to 2011-12 | 3,952 | 2,247 |
| **(b) Bank Guarantee** | Nil | Nil |
| **(c) Other money for which the Company is contingently liable** | Nil | Nil |
| **II. Commitments** | | |
| (a) Estimated amount of contracts remaining to be executed on capital account not provided for | Nil | Nil |
| (b) Uncalled liability on shares and other investments partly paid | Nil | Nil |
| (c) Other Commitments | Nil | Nil |

### Note 19.1.a

In respect of above, the Company has good chance of getting orders in favour of the Company and hence no provision is considered necessary at this stage.

### Note 19.2: Earnings Per Share (EPS)

Earnings Per Share is calculated in accordance with Indian Accounting Standard 33 – 'Earnings Per Share' – (Ind AS-33) prescribed under Section 133 of the Companies Act, 2013.

(₹ in thousands)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/ (Loss) after tax | (5,640) | 1,983 |
| Number of Equity Shares: | | |
| Weighted average number of equity share considered in calculation of EPS | 6,04,000 | 6,04,000 |
| Considered in calculation of diluted EPS | 6,04,000 | 6,04,000 |
| Face value per equity share | 10 | 10 |
| Earnings per share: | | |
| Basic | (9.34) | 3.28 |
| **Diluted** | **(9.34)** | **3.28** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

### Note 19.3: Disclosure of Related Party Transactions in Accordance with IND AS 24 " Related Party Disclosures"

#### A. Related Party and Nature of Relationship:

| | |
|---|---|
| (a) Holding Company | Indian Hotels Company Ltd. |
| (b) Key Management Personnel | i. Gautam Sethi |
| | ii. Ashok Binnani |
| | iii. Prabhat Verma |
| (c) Relatives of Key Management Personnel | Nil |
| (d) Enterprises over which the key managerial personnel and their relatives are able to exercise significant influence having transactions with the Company | Nil |

#### The details of related party transactions during the year ended March 31, 2023 and March 31, 2022 are as follows:

(₹)

| Particulars | Nature of Transactions | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Indian Hotels Company Ltd. (Holding Company) | License fee | 2,511 | 1,714 |

#### The details of amounts (due to) or due from related parties as at March 31, 2023 and March 31, 2022 are as follows:

(₹)

| Particulars | Nature of Transactions | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Indian Hotels Company Ltd. (Holding Company) | Refundable Security Deposits | (35,000) | (35,000) |
| | Receivables | 931 | 1,204 |

No amount has been provided/ written off as doubtful debts or advances written back in respect of payables due from or to any of the above related parties.

### Note 20: Financial Instruments Measurements and Disclosures

#### Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Interest Rate Risk
- Foreign Currency Risk
- Capital Management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### Credit Risk

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations and arises principally from the Company's receivables from customers and investments. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Company's policy is to place cash and cash equivalents and short-term deposits with reputable banks and financial institutions.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Sale limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company. The Company establishes a loss allowance that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Company's risk exposure in investment is limited to investing in associates. The Company does not expect any losses from non-performance by these Associates.

The Company's risk exposure in loans is limited to loan to holding company, associates and group companies. The Company does not expect any losses from non-performance by these counter parties

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market changes that affect market risk-sensitive instruments. Market risk is attributable to all market risk- sensitive financial instruments including foreign currency receivables and payables and loans and borrowings. There is no significant concentration of market risk within the Company as the billings for the services rendered by the Company are in home currency and further the borrowings/ advance by the Company are also at fixed rate.

### Interest Rate Risk

Below is the sensitivity of profit or loss in interest rates for borrowings.

| Particulars | Impact in Statement of Profit and Loss for 1% change | |
|---|---|---|
| **Interest sensitivity** | March 31, 2023 | March 31, 2022 |
| Change by 100 basis points (100 bps) | - | - |

### Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through equity and borrowings.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at March 31, 2022, the Company has only one class of equity shares.

### Trade Receivable

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates and also takes into account available external and internal credit risk factors.

### Movement in Expected Credit Loss Allowance on Trade Receivables

(₹ in thousands)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | - | |
| Loss allowance measured at lifetime expected credit losses | - | - |
| **Balance at the end of the year** | **-** | **-** |

### Details of Financial Assets (Trade Receivables) that are Neither Past Due nor Impaired and that are Past Due but not Impaired

(₹ in thousands)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Financial assets that are neither past due nor impaired | 931 | 1,204 |
| Financial assets that are past due but not impaired | - | |
| Financial assets that are past due and impaired | - | - |
| **Total** | **931** | **1,204** |

## Note 21: Accounting Classifications and Fair Values

### Fair Values vs Carrying Amounts

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of current trade receivables, current trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

**The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, of March 31, 2023 are as follows.**

(₹ in thousands)

| Particulars | Fair Value Through Profit or Loss | Amortised Cost | Fair Value through OCI |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and cash equivalents | - | 2,199 | - |
| Balance other thanCash and cash and equivalent | | 17,147 | |
| Trade receivables | - | 931 | - |
| Investments | | - | - |
| Loans | - | - | - |
| Other Financial Assets | - | 2,587 | - |
| **Total** | - | 22,864 | - |
| **Financial Liabilities** | | | |
| Trade payables | - | 41 | - |
| Borrowings | - | 1,447 | - |
| **Total** | **-** | **1,488** | **-** |

**The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, of March 31, 2022 are as follows.**

(₹ in thousands)

| Particulars | Fair Value Through Profit or Loss | Amortised Cost | Fair Value through OCI |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and cash equivalents | | 674 | - |
| Balance other thanCash and cash and equivalent | | 26,000 | |
| Trade receivables | | 1,204 | - |
| Investments | | - | - |
| Other Financial Assets | | - | - |
| Loans | | - | - |
| **Total** | **-** | **27,878** | **-** |
| **Financial Liabilities** | | | |
| Trade payables | - | 75 | - |
| Other Financial liabilities | - | 630 | - |
| Borrowings | - | 1,317 | - |
| **Total** | **-** | **2,021** | **-** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 22: Tax Disclosures

### i) Income Tax Recognised

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Income Tax recognised in Statement of Profit and Loss** | | |
| Current Tax | 599 | 782 |
| Deferred Tax in relation to origination and reversal of timing differences | (120) | (115) |
| Adjustment in respect of current income tax of prior years | 11 | - |
| | **490** | **667** |
| **Income Tax recognised in Other Comprehensive Income** | | |
| Deferred Tax relating to items recognised in OCI during the period | - | - |
| **Total** | **490** | **667** |

### ii) Reconciliation of the Income Tax Provision to the Amount Computed by Applying the Statutory Income Tax Rate to the Profit Before Tax is Summarised Below:

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (Loss)/ Profit before tax (a) | (5,150) | 2,650 |
| Income tax rate as applicable (b) | 25.17% | 25.17% |
| Tax on above | (1,296) | 667 |
| Less: Permanent differences - Ind-AS adjustments on lease deposits | (113) | - |
| Less: Permanent differences - Provision for doubtful advances | 1,889 | - |
| Others | 11 | 0 |
| **Income Tax Expense Reported in Statement of Profit and Loss** | **490** | **667** |

### iii) Income tax recognised in other comprehensive income

(₹ in thousands)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Deferred Tax | - | - |
| **Total** | **-** | **-** |

### iv) Analysis of deferred tax assets/ (liabilities) presented in the balance sheet:

(₹ in thousands)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred Tax Liabilities | 5,477 | 5,712 |
| **Deferred Tax Liabilities (Net)** | **5,477** | **5,712** |

### Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in thousands)

| Particulars | Opening Balance | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive income | Closing Balance |
|---|---|---|---|---|
| Depreciation | 5,597 | (120) | - | 5,477 |
| **Total** | **5,597** | **(120)** | **-** | **5,477** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

### Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in thousands)

| Particulars | Opening Balance | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive income | Closing Balance |
|---|---|---|---|---|
| Depreciation | 5,712 | (115) | - | 5,597 |
| **Total** | **5,712** | **(115)** | **-** | **5,597** |

**Note 23:** The Company has identified a fraud on the Company in the fixed deposit accounts of the Company during the year. Based on the information and explanations available, the Company is investigating the matter and the amount involved is estimated to be ₹97,04,753/-. Pending recovery of the full amount, as a matter of prudence, the Company has made a provision for ₹75,04,753/- net of recovery amount of ₹22,00,000 after the balance sheet date and disclosed as "Provision for doubtful advances" in the statement of profit and loss. The Company is investigating the matter and have initiated steps for recovery of the balance amount.

### Note 24: Segment Reporting

The Company's only business being in the business of renting of immovable property, disclosure of segment-wise information is not applicable under Ind AS108 – 'Operating Segments' (Ind AS-108). There is no geographical segment to be reported since all the operations are undertaken in India.

**Note 25:** Remittance in foreign currencies on account of dividend

(i) Number of Non-resident share holders – Nil (Previous year Nil)

(ii) Number of shares held by them – Nil (Previous Year Nil)

(iii) Dividend remitted in Foreign Currency – Nil (Previous year Nil)

**Note 26:** The Company has an internal control system in place, including in relation to internal controls over financial reporting, which is commensurate with the nature and size of its operations. These internal controls are reviewed/ tested by the management on an ongoing basis and there are no material weaknesses/ deficiencies except for the possible effects of certain transactions as mentioned in note no. 23 involving recording of bank transactions and the Company has taken steps to strengthen internal control system surrounding the recording of bank transactions. Further strengthening of the internal control system/ improvements thereof are being assessed/ carried out by the management on a continuing basis.

**Note 27:** In the opinion of the Directors, Loans and Advances and Other Current Assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

**Note 28:** Impairment of Assets: As per the assessment of the management, there is no impairment in-value to any or all assets of the Company with reference to the values at which they are recorded in the books of account.

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

## Note 29: Additional Disclosure Under the Regulatory Requirements:

### (a) Ratios:

| Ratio | Numerator | Denominator | FY 2022-23 | FY 2021-22 | % Variance | Reason for Variance by more than 25% as compared to Previous year |
|---|---|---|---|---|---|---|
| (a) Current Ratio | Current Assets | Current Liabilities | 34.65 | 38.15 | (9.19) | |
| (b) Return on Equity Ratio | Net Profits after taxes | Average Shareholder's Equity | -22.53% | 6.46% | (448.53) | reduced on account of loss due to provisions made as against profit in previous year |
| (c) Trade Receivables Turnover Ratio | Total Sales | Average Accounts Receivable | 2.35 | 2.36 | (0.56) | |
| (d) Net Capital Turnover Ratio | Total Sales | Working Capital | 0.11 | 0.06 | 88.11 | Increased due to higher income and lower receivables. |
| (e) Net Profit Ratio | Net Profits after taxes | Total Sales | -224.66% | 115.73% | (294.12) | reduced on account of loss due to provisions made as against profit in previous year |
| (f) Return on Capital Employed | Earning before interest and taxes (Profit before tax + Finance Costs) | Capital Employed (Net Worth + Total Debt + Deferred Tax Liability - OCI adjustments for Fair Value of Investments Recognised ) | -15.71% | 7.36% | (313.27) | reduced on account of loss due to provisions made as against profit in previous year |
| (g) Return on Investment | Income from Investments | Cost of Investments | | | | |
| 1. Fixed Deposits | 8,96,106 | 1,60,00,000 | 5.20% | 5.20% | - | |

(b) Transaction with Struck off Companies:

The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

(c) The title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.

(d) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

(e) There are no borrowings from banks or financial institutions on the basis of security of current assets of the Company.

(f) The Company does not have any charges or satisfaction of charges which is yet to be registered with ROC beyond the statutory period.

(g) The Company has not traded or invested in Crypto currency of Virtual currency during the financial year.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

(h) The Company have not advanced or loaned or invested any funds to any persons or entities including foreign entities (intermediates) with the understanding that the intermediary shall

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate benefeciaries.

(i) The Company have not received any fund from any persons or entities including foreign entities (intermediates) with the understanding that the intermediary shall

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funded party (ultimate beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate benefeciaries.

(j) The Company does nto have any transacion which is not recorded in the books of account that has been surrendered, disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(k) The compliance with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.

### Note 30:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of directors of
**KTC Hotels Limited**

As per our report of even date attached

For **Brahmayya & Co**.
Chartered Accountants
Firm Registration No. 000511S

**Gautam Sethi**
Director
(DIN: 08571659)

**Prabhat Verma**
Director
(DIN: 06548864)

**R. Nagendra Prasad**
Partner
Membership No. 203377

Place: Bengaluru
Date:

Place: Chennai
Date:

# Independent Auditor’s Report

To the Members of Northern India Hotels Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Northern India Hotels Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board’s Report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

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

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial

# Independent Auditor’s Report (Contd.)

controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

## Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

# Independent Auditor’s Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

   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, as amended, 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.

      ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv) a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

         b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

         c) Based on such audit procedures that the we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

# Independent Auditor's Report (Contd.)

v) a) The company has not declared any final dividend during the previous year and any interim dividend during the current year and hence compliance to Section 123 of the Act is not applicable.

b) Board of Directors of the Company have not proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting.

vi) a) As per proviso to rule 3(1) of the companies (Accounts) Rules,2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3 With respect to the matter to be included in the Auditors' Report under section 197(16) according to the information and explanations given to us, remuneration was not paid by the Company to its directors during the current year.

For **O.P.DADU & CO.**
**Chartered Accountants**
FRN. 001201N

**(ABHEY DADU)**
**Partner**
M.no.093313

Place : New Delhi
Dated : 17th April, 2023
UDIN : 23093313BGZGSB3683

# Annexure A to the Auditors' Report

In our opinion, and in so far as we have been able to ascertain from the records produced, Information furnished and the explanations given to us by the Company.

(i) (a) (A) The company has maintained the proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment

(B) The company has maintained the proper records showing full particulars of Intangible assets

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification

(c) According to the information & explanation given to us, the title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company and title deeds in respect of Land admeasuring 14744.60 Sq. Yards, the gross carrying value of ₹1,93,649/- are pending for Registration.

(d) According to the information & explanation given to us, the company has not revalued any Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information & explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The company does not hold any inventory during the year. Accordingly, paragraph 3(ii)(a) of the order is not applicable to the company.

(b) The Company does not have any working capital limits from banks or financial institutions on the basis of security of current assets during the year. Accordingly, paragraph 3(ii)(b) of the order is not applicable to the company.

(iii) (a) (A) The company has not provided loan, provide advance in the nature of loan, stood guarantee, provided security to its subsidiaries, joint ventures and associates ,

B) The company has not provided loan, provide advance in the nature of loan, stood guarantee, provided security to parties other than subsidiaries, joint ventures and associate

(b) According to the information & explanation given to us, the term and condition of the grant of unsecured loans provided in earlier year are not prejudicial to the company interest.

(c) According to the information & explanation given to us, payment of principal and payment of interest in respect of unsecured loans provided in earlier year has been stipulated and the repayments or receipts are regular..

(d) According to the information & explanation given to us, there is no overdue amount, in respect of loan provided in earlier year.

(e) According to the information & explanation given to us, no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.

(f) According to the information & explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information & explanation given to us, the company has compiled with provisions of sections 185 and 186 of the Companies Act with respect of loans, investments, guarantees, and security.

(v) The company has not accepted any deposited from the public. Accordingly, paragraph 3(v) of the order is not applicable to the company.

# Annexure A to the Auditors’ Report (Contd.)

(vi) As far as, we are aware, the central government has not specified the maintenance of cost records by the company under sub-section (1) of section 148 of the Companies Act.

(vii) (a) The company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities wherever applicable to.

According to the information and explanation given to us, no undisputed amount payable in respect of statutory dues as including Goods and Services Tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues on 31.3.2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute.

(viii) According to the information and explanation given to us, the company has not surrendered or disclosed any income during the year in its tax assessments under the Income Tax Act, 1961 (43 of 1961), which has not been recorded in the books of accounts. Accordingly, paragraph 3(viii) of the order is not applicable to the company.

(ix) The company does not have any loan or other borrowings from any lender. Accordingly, paragraph 3(ix) of the order is not applicable to the company.

(x) (a) The company does not raise any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the order is not applicable to the company.

(b) The company does not make any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3 (x)(b) of the order is not applicable to the company,

(xi) (a) According to the information and explanation given to us, No fraud by the company or no fraud on the company has been noticed or reported during the course of our audit.

(b) No, report u/s 143 (12) of the Companies Act, 2013 filled by the auditor in form ADT-4 as prescribed under rule 13 of the companies (Audit and Auditor) rules, 2014 with Central Government.

(c) According to the information and explanation given to us, the companies has not received any compliant from the whistle-blower.

(xii) In our opinion and according to information and explanation given to us, the company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the order is not applicable to the company.

(xiii) According to the information and explanation given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;

(xiv) (a) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.”

(b) The company did not have an internal audit system for the period under audit.

(xv) According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) (a) The company is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) According to the information and explanation given to us, the company has not conducted Non-Banking Financial or Housing Finance activities.

# Annexure A to the Auditors' Report (Contd.)

(c) According to the information and explanation given to us, the company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanation given to us, the company is not Core Investment Company (CIC) , Accordingly, paragraph 3 (xvi)(d) of the order is not applicable to the company.

(xvii) According to the information and explanation given to us, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the Statutory auditor during the year. Accordingly, paragraph 3 (xviii) of the order is not applicable to the company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, the provision of section 135 of the companies Act,2013 are not applicable on the company. Accordingly, paragraph 3 (xx) (a) and (b) of the order are not applicable to the company.

For **O.P.DADU & CO.**
**Chartered Accountants**
FRN. 001201N

Place : New Delhi
Dated : 17th April, 2023

**(ABHEY DADU)**
**Partner**
M.no.093313

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# Annexure B to The Independent Auditors' Report

## 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 Northern India Hotels Limited ("the Company") as of 31, March 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditors' Responsibility

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

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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 **O.P.DADU & CO.**
**Chartered Accountants**
FRN. 001201N

Place : New Delhi
Dated : 17th April, 2023

**(ABHEY DADU)**
**Partner**
M.no.093313

# Balance Sheet
as at March 31, 2023

₹ lakhs

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current Assets** | | | |
| Property, Plant and Equipment | 3 | 2,134.18 | 25.66 |
| Capital work-in-progress | | 220.42 | 868.34 |
| Other Intangible Assets | 4 | 0.02 | 0.02 |
| | | **2,354.62** | **894.02** |
| **Financial Assets** | | | |
| Investments | 5 | 10.43 | 10.43 |
| Other | 7 | 0.59 | 0.59 |
| Current Tax Assets(Net) | | 31.40 | 14.56 |
| Other Non-current Assets | 8 | 15.64 | 27.75 |
| **Total Non-current Assets** | | **2,412.68** | **947.35** |
| **Current Assets** | | | |
| Financial Assets | | | |
| Trade Receivables | 9 | 64.00 | 19.78 |
| Cash and Cash Equivalents | 10 | 384.42 | 743.93 |
| Bank Balances other than Cash and Cash Equivalents | 11 | 891.61 | 1,494.87 |
| Loans | 6 | - | 375.00 |
| Other Current Assets | 8 | 108.18 | 1.97 |
| **Total Current Assets** | | **1,448.21** | **2,635.55** |
| **Total Assets** | | **3,860.89** | **3,582.90** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share capital | 12 | 44.15 | 44.15 |
| Other Equity | 13 | 3,534.72 | 3,439.47 |
| **Total Equity** | | **3,578.87** | **3,483.62** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| Deferred Tax Liabilities (Net) | 14 | 35.46 | 5.31 |
| | | **35.46** | **5.31** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Other Financial Liabilities | 15 | 225.97 | 58.45 |
| Other current liabilities | 16 | 20.59 | 35.52 |
| | | **246.56** | **93.97** |
| **Total Equity and Liabilities** | | **3,860.89** | **3,582.90** |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | 1 - 21 | | |

In terms of our report attached.

For **O. P. Dadu & Co.**
Chartered Accountants
Firm Registration No. 001201N

**Abhey Dadu**
Partner
Membership No.093313

New Delhi, April 17, 2023

**For and on behalf of the Board**

**Sudhir L. Nagpal**
Director
DIN No.- 00044762

Mumbai, April 17,2023

**Rajesh R. Nagpal**
Director
DIN No.- 00032123

Mumbai, April 17,2023

# Statement of Profit and Loss
for the year ended March 31, 2023

₹ lakhs

| | Note | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| **Revenue from Operations** | | | |
| Income from Hotel Operations | 17 | 147.89 | 69.16 |
| Other Income | 18 | 90.33 | 158.71 |
| **Total** | | **238.22** | **227.87** |
| **Expenses** | | | |
| Depreciation and Amortisation | 3 & 4 | 93.82 | 0.95 |
| Other Operating and General Expenses | 19 | 16.53 | 22.93 |
| **Total** | | **110.35** | **23.88** |
| **Profit/ (Loss) Before Tax and Exceptional items** | | **127.87** | **203.99** |
| Exceptional Items | 20 | - | - |
| **Profit/ (Loss) Before Tax** | | **127.87** | **203.99** |
| **Tax Expenses** | | | |
| Current Tax | | 2.04 | 52.15 |
| Deferred Tax | | 30.15 | (0.22) |
| Short/ (Excess) Provision of Tax/ Deferred Tax of Earlier Years (net) | | 0.43 | 0.17 |
| **Total** | | **32.62** | **52.10** |
| **Profit/ (Loss) for the period after tax** | | **95.25** | **151.89** |
| **Other Comprehensive Income, Net of Tax** | | - | - |
| **Other Comprehensive income for the period, net of tax** | | - | - |
| **Total Comprehensive Income for the period** | | **95.25** | **151.89** |
| **Earning Per Equity Share** | | | |
| a) Weighted average number of shares | | 4,37,600 | 4,37,600 |
| b) Nominal value of shares (₹) | | 10 | 10 |
| c) Basic and diluted earnings per share (₹) | | 21.77 | 34.71 |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | 1 - 21 | | |

In terms of our report attached.

For **O. P. Dadu & Co.**
Chartered Accountants
Firm Registration No. 001201N

**Abhey Dadu**
Partner
Membership No.093313

New Delhi, April 17, 2023

**For and on behalf of the Board**

**Sudhir L. Nagpal**
Director
DIN No.- 00044762

Mumbai, April 17,2023

**Rajesh R. Nagpal**
Director
DIN No.- 00032123

Mumbai, April 17,2023

# Statement of Cash Flows

for the year ended March 31, 2023

₹ lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Cash Flow From Operating Activities** | | | |
| Profit Before Tax | | 127.87 | 203.99 |
| **Adjustments For :** | | | |
| Depreciation and Amortisation | | 93.82 | 0.95 |
| Dividend Income | | (0.01) | (0.02) |
| Interest Income | | (90.32) | (158.30) |
| Provision for Employee Benefits | | | |
| | | **3.49** | **(157.37)** |
| Cash Operating Profit before working capital changes | | 131.36 | 46.62 |
| **Adjustments for (increase)/ decrease in operating assets:** | | | |
| Trade and Other Receivables | | (44.23) | 5.16 |
| Other Current Assets | | (106.21) | (1.85) |
| Other Non-Current Assets | | 12.11 | (27.75) |
| | | **(138.33)** | **(24.44)** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | | |
| Other Current Liabilities | | (14.93) | 31.47 |
| Other Financial Liabilities | | 167.52 | 46.07 |
| | | **152.59** | **77.54** |
| Cash Generated from Operating Activities | | 145.62 | 99.72 |
| Direct Taxes (Paid)/ Refunded | | (19.30) | (59.63) |
| **Net Cash From Operating Activities (A)** | | **126.32** | **40.09** |
| **Cash Flow From Investing Activities** | | | |
| Purchase of Fixed Assets | | (1,554.42) | (868.34) |
| Interest Received | | 90.32 | 158.30 |
| Dividend Received | | 0.01 | 0.02 |
| ICD's Given/Refund | | 375.00 | (375.00) |
| Proceeds from maturity of short-term deposits with banks | | 603.27 | 1,781.18 |
| **Net Cash Used In Investing Activities (B)** | | **(485.83)** | **696.16** |
| **Cash Flow From Financing Activities** | | | |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | | - | - |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | | (359.51) | 736.25 |
| **Cash and Cash Equivalents - Opening** | | 743.93 | 7.68 |
| **Cash and Cash Equivalents - Closing (Refer Note 10)** | | 384.42 | 743.93 |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | 1 - 21 | | |

In terms of our report attached.

| | | |
|---|---|---|
| For **O. P. Dadu & Co.** | **For and on behalf of the Board** | |
| Chartered Accountants | | |
| Firm Registration No. 001201N | | |
| **Abhey Dadu** | **Sudhir L. Nagpal** | **Rajesh R. Nagpal** |
| Partner | Director | Director |
| Membership No.093313 | DIN No.- 00044762 | DIN No.- 00032123 |
| New Delhi, April 17, 2023 | Mumbai, April 17,2023 | Mumbai, April 17,2023 |

# Statement of Changes in Equity

as at March 31, 2023

₹ lakhs

| Particulars | Equity Share Capital Subscribed | RESERVES AND SURPLUS | | | | Grand Total |
|---|---|---|---|---|---|---|
| | | Retained Earning | Retained Earning | | Other reserves | |
| | | | General Reserve | Profit & Loss B/fd | | |
| **Balance as at March 31, 2022** | **44.15** | **3,439.47** | **-** | **3,439.47** | **-** | **3,483.62** |
| Changes in accounting policy/prior period errors | | | | | | - |
| **Restated balance as at March 31, 2022** | **44.15** | **3,439.47** | **-** | **3,439.47** | **-** | **3,483.62** |
| Profit for the year | - | 95.25 | - | 95.25 | - | 95.25 |
| Other Comprehensive Income for the year, net of taxes, excluding actuarial gain/ losses | - | - | - | - | - | - |
| Actuarial Gains/Losses (Not Reclass to P&L) | - | - | - | - | - | - |
| **Total Comprehensive Income for the year** | **-** | **95.25** | **-** | **95.25** | **-** | **95.25** |
| Dividends | - | - | - | - | | - |
| Tax on Dividend | - | - | - | - | | - |
| **Balance as at March 31, 2023** | **44.15** | **3,534.72** | **-** | **3,534.72** | **-** | **3,578.87** |

In terms of our report attached.

For **O. P. Dadu & Co.**
Chartered Accountants
Firm Registration No. 001201N

**Abhey Dadu**
Partner
Membership No.093313

New Delhi, April 17, 2023

**For and on behalf of the Board**

**Sudhir L. Nagpal**
Director
DIN No.- 00044762

Mumbai, April 17,2023

**Rajesh R. Nagpal**
Director
DIN No.- 00032123

Mumbai, April 17,2023

# Notes to Financial Statements

for year ended March 31, 2023

## Note 1. Corporate Information

Northern India Hotels Limited ("NIHL" or the "Company"), is a public limited company incorporated in 1971 and has its registered office at **Tajview Hotel, Fatehabad Road, Taj Ganj, Agra – 282001**. It is subsidiary of PIEM Hotels Ltd., Mumbai. The company is primarily engaged in the business of owing hotel.

The financial statements were approved by the Board of Directors and authorised for issued on April 17, 2023.

## Note 2. Significant Accounting Policies.

Significant accounting policies and recent accounting pronouncements.

**(a) Statement of compliance:**

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

**New Accounting Standards/Amendments notified and adopted by the Company:**

The Company has applied the following amendments for the first time for their annual reporting period commencing April 1, 2022:

Ind AS 16 – Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**New Standards/Amendments notified but not yet effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

i. Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

   Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

ii. Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

iii. Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

iv. Ind AS 12 – Income Taxes –

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

**The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.**

**(b) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

- **Fair value measurement of financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.
- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

## (d) Revenue recognition :

### Revenue from Services

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the company as part of the contract.

### Income from operations

Revenue comprises Licence Fee relating to hotel operations. Licence fee earned is under long-term contracts with the PIEM Hotels Limited and is recognised when earned in accordance with the terms of the contract.

### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

### Dividend

Dividend income is recognized when the Company's right to receive the amount is established.

## (e) Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(j) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|---|---|
| Improvements to Buildings | 60 years |
| Improvements to Buildings | 15 Years |
| Plant and Equipment | 10 to 20 years |
| Electrical installation and Equipment | 20 years |
| Hotel Wooden Furniture | 15 years |
| Hotel Non-Wooden Furniture | 8 years |
| End User devices – Computer, Laptops, etc. | 6 years |
| Assets costing less than ₹ 5000 | 4 years |

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date ) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

**(f) Intangible Assets:**

Intangible assets include cost of acquired software. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

i) the technical feasibility and Company's intention and ability of completing the project;

ii) the probability that the project will generate future economic benefits;

iii) the availability of adequate technical financial and other resources to complete the project; and

iv) the ability to measure the development expenditure reliably.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful lives used for amortising intangible assets are as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Software | 6 years |

An intangible assets is derecognized on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(g) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, an impairment loss is immediately recognized.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit or loss section of the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately.

**(h) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred tax :**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(i) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized in the financial statements.

**(j) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(k) Cash and Cash Equivalent (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**(l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(m) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(n) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

## Financial Liabilities

### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

### Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

### Derecognition

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

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 3 : Property, Plant and Equipment (Owned, unless otherwise stated)

₹ lakhs

| | Freehold Land | Buildings (Refer Footnote (i) ) | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross Block at Cost** | | | | | | | |
| **At March 31, 2022** | **3.79** | **28.51** | **0.01** | **-** | **-** | **-** | **32.31** |
| Additions | | 738.90 | 988.21 | 472.74 | 2.49 | | 2,202.34 |
| Adjustments | | | | | | | - |
| Disposals | | | | | | | - |
| **At Mrach 31, 2023** | **3.79** | **767.41** | **988.22** | **472.74** | **2.49** | **-** | **2,234.65** |
| **Depreciation** | | | | | | | |
| **At March 31, 2022** | **-** | **6.65** | **-** | **-** | **-** | **-** | **6.65** |
| Charge for the year | | 27.89 | 37.32 | 28.25 | 0.36 | | 93.82 |
| Disposals | | | | | | | - |
| **At Mrach 31, 2023** | **-** | **34.54** | **37.32** | **28.25** | **0.36** | **-** | **100.47** |
| **Net Block** | | | | | | | |
| **At March 31, 2022** | **3.79** | **21.86** | **0.01** | **-** | **-** | **-** | **25.66** |
| **At Mrach 31, 2023** | **3.79** | **732.87** | **950.90** | **444.49** | **2.13** | **-** | **2,134.18** |

1) Gross block including freehold land admeasuring 14744.60 Sq.yd Aggregating to ₹1,93,499/- pending conveyance.

## Note 4 : Intangible Assets (Acquired)

₹ lakhs

| | Website Development Cost | Software and Licenses | Service and Operating Rights | Total | Intangible assets under development |
|---|---|---|---|---|---|
| **At March 31, 2022** | **-** | **0.51** | **-** | **0.51** | **-** |
| Additions | - | - | - | - | - |
| Adjustments | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **At March 31, 2023** | **-** | **0.51** | **-** | **0.51** | **-** |
| **Amortisation** | | | | | |
| **At March 31, 2022** | **-** | **0.49** | **-** | **0.49** | **-** |
| Charge for the year | - | - | - | - | - |
| Adjustments | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **At March 31, 2023** | **-** | **0.49** | **-** | **0.49** | **-** |
| **Net Block** | | | | | |
| **At March 31, 2022** | **-** | **0.02** | **-** | **0.02** | **-** |
| **At March 31, 2023** | **-** | **0.02** | **-** | **0.02** | **-** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Note 5 : Investments

| | Face Value | March 31, 2023 Holdings As at | March 31, 2023 ₹ lakhs | March 31, 2022 Holdings As at | March 31, 2022 ₹ lakhs |
|---|---|---|---|---|---|
| **Non Current** | | | | | |
| **Trade Investments** | | | | | |
| **Fully Paid Quoted Equity Investments :** | | | | | |
| Investments in Fellow Subsidiary | | | | | |
| Beneras Hotels Limited | 10 | 150 | 0.02 | 150 | 0.02 |
| | | | **0.02** | | **0.02** |
| **Fully Paid Unquoted Equity Investments :** | | | - | | - |
| **Investments in Associate Companies** | | | | | |
| Taida Trading and Industries Limited | 100 | 4,000 | 0.09 | 4,000 | 0.09 |
| Inditravel Limited | 10 | 24,000 | 2.40 | 24,000 | 2.40 |
| Taj Trade and Transport Company Limited | 10 | 49,998 | 7.91 | 49,998 | 7.91 |
| | | | 10.40 | | 10.40 |
| **Total Trade Investment** | | | **10.42** | | **10.42** |
| **Non-trade Investments** | | | | | |
| **Investment in Equity Instruments** | | | | | |
| **Fully Paid Unquoted Equity Instruments** | | | | | |
| Sarswat Co-operative Bank Ltd. | 10 | 1,000 | 0.10 | 1,000 | 0.10 |
| | | | **0.10** | | **0.10** |
| **Total Non-current Investments - Gross** | | | 10.52 | | 10.52 |
| Less : Provision for Diminution in value of Investments | | | 0.09 | | 0.09 |
| **Total Non-current Investments - Net** | | | **10.43** | | **10.43** |
| **Aggregate amount of quoted investments** | | | | | |
| Cost | | | 0.02 | | 0.02 |
| Market Value | | | 4.87 | | 3.06 |
| **Aggregate amount of unquoted investments** | | | | | |
| **Cost** | | | 10.50 | | 10.50 |

## Note 6 : Loans

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Current** | | |
| Short-term Loans | | |
| (Unsecured, considered good unless stated otherwise) | | |
| ICD to Related Parties | - | 375.00 |
| Others | - | - |
| | - | **375.00** |
| | - | **375.00** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Note 7 : Other Financial Assets

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current** | | |
| **Deposits with Public Bodies and Others at amortised costs** | | |
| Term Deposit with Bank maturing after 12 months | - | - |
| Public Bodies and Others | 0.59 | 0.59 |
| | **0.59** | **0.59** |
| Less: Provision for Deposits doubtful of recovery | - | - |
| | **0.59** | **0.59** |
| **B) Current** | | |
| **Interest receivable** | | |
| Related Parties | - | - |
| Others | - | - |
| | **-** | **-** |

## Note 8 : Other Assets

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current** | | |
| Capital Advances | 15.64 | 27.75 |
| | **15.64** | **27.75** |
| **B) Current** | | |
| **Others** | - | - |
| Amount Recoverable against Exp | 3.41 | 1.85 |
| Balance with Revenue Authorities | 104.65 | |
| Deposits adjustable against future payments | 0.12 | 0.12 |
| | **108.18** | **1.97** |

## 9: Trades Receivales

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (Unsecured, considered good) | | |
| Trade Receivable | 64.00 | 19.78 |
| | **64.00** | **19.78** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

Trade Receivable Ageing Schedule

## As at 31st March,2023

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months- 1 Year | 1 -2 Year | 2 -3 Year | More than- 3 Year | Total |
| (i) Undisputed Trade receivable-considered good | 64.00 | - | - | - | - | 64.00 |
| (ii) Undisputed Trade receivable-which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade receivable-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivable-considered Good | - | - | - | - | - | - |
| (v) Disputed Trade receivable-which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivable-credit impaired | - | - | - | - | - | - |
| | **64.00** | **-** | **-** | **-** | **-** | **64.00** |

## As at 31st March,2022

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months- 1 Year | 1 -2 Year | 2 -3 Year | More than- 3 Year | Total |
| (i) Undisputed Trade receivable-considered good | 19.78 | - | - | - | - | 19.78 |
| (ii) Undisputed Trade receivable-which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade receivable-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivable-considered Good | - | - | - | - | - | - |
| (v) Disputed Trade receivable-which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivable-credit impaired | - | - | - | - | - | - |
| | **19.78** | **-** | **-** | **-** | **-** | **19.78** |

## Note 10 : Cash and Cash Equivalents

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash in Hand | 0.11 | 0.31 |
| Balance with Bank in current A/C | 34.31 | 46.12 |
| Balance with Bank in call and short Term deposit account | 350.00 | 695.50 |
| | **384..42** | **743.93** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Note 11 : Bank Balances Other than Cash and Cash Equivalents

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Other Balances with banks | | |
| Call and Short-term deposit accounts | 891.61 | 1,494.87 |
| | **891.61** | **1,494.87** |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current | - | - |
| | **891.61** | **1,494.87** |

## Note 12 : Share Capital

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| Equity Shares | | |
| 5,50,000 (Previous year - 5,50,000) Equity Shares of ₹ 10 each | 55.00 | 55.00 |
| Preference Shares | | |
| 5,000 (Previous year - 5,000) Preference Shares of ₹ 100/- each | 5.00 | 5.00 |
| | **60.00** | **60.00** |
| **Issued Share Capital** | | |
| 4,37,600 (Previous year - 4,37,600) Equity Shares of ₹ 10 each | 44.91 | 44.91 |
| | **44.91** | **44.91** |
| **Subscribed and Paid Up** | | |
| 4,37,600 (Previous year - 4,37,600) Equity Shares of ₹ 10 each | 43.76 | 43.76 |
| Add 11450 Shares Forfeited | 0.39 | 0.39 |
| | **44.15** | **44.15** |

Footnotes :

(i) The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ | No. of shares | ₹ |
| As at the beginning of the year | 4,37,600 | 43,76,000 | 4,37,600 | 43,76,000 |
| Add/ less : Shares issued during the year | - | - | - | - |
| Add/ less : Shares bought back during the year | - | - | - | - |
| As at the end of the year | **4,37,600** | **43,76,000.00** | **4,37,600** | **43,76,000** |

(iii) Shares Held by Holding Company

| Equity share of ₹ 10 each fully paid | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| PIEM Hotels Limited | **4,12,083** | **94.16%** | **4,12,083** | **94.16%** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

(iv) Shareholders holding more than 5% shares in the Company :

| Equity share of ₹ 10 each fully paid | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| PIEM Hotels Limited | **4,12,083** | **94.16%** | **4,12,083** | **94.16%** |

(v) Details of Promotors :

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| PIEM Hotels Limited | **4,12,083** | **94.16%** | **4,12,083** | **94.16%** |

## Note 13. Other Equity

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reserves & Surplus** | | |
| **Retained Earning** | | |
| Surplus/Deficit in the Profit And Loss b/f | 3,439.47 | 3,287.58 |
| Add: Current Year profits | 95.25 | 151.89 |
| Closing retained earning | **3,534.72** | **3,439.47** |
| **Other Comprehensive Income** | | |
| **Total** | **3,534.72** | **3,439.47** |

## Note 14 : Deferred Tax Liabilities (net)

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| Property, Plant & Equipment | 35.46 | 5.31 |
| **Total (A)** | **35.46** | **5.31** |
| **Net Deferred Tax Liabilities (A-B)** | **35.46** | **5.31** |

## Note 15: Other Financial Liabilities

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current financial liabilities** | | |
| | - | - |
| **B) Current financial liabilities** | | |
| Creditors for capital expenditure | 224.82 | 56.56 |
| Others | 1.15 | 1.89 |
| | **225.97** | **58.45** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 16 : Other Current Liabilities

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **B) Current** | | |
| Income received in advance | - | 29.26 |
| Statutory dues | 20.59 | 6.26 |
| | **20.59** | **35.52** |

## Note 17 : Revenue from Operations

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Income from Hotel Operations | 147.89 | 69.16 |
| **Total** | **147.89** | **69.16** |

## Note 18 : Other Income

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income** | | |
| Inter-corporate deposits | | |
| Related Parties | 29.43 | 0.74 |
| | **29.43** | **0.74** |
| Deposits with banks | 60.89 | 157.56 |
| **Total** | **90.32** | **158.30** |
| **Dividend Income on investments held at the end of period/ year** | | |
| From others | 0.01 | 0.02 |
| **Others** | - | 0.39 |
| **Total** | **90.33** | **158.71** |

## Note 19 : Other Operating and General Expenses

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **General expenses consist of the following :** | | |
| Printing and Stationery | 0.38 | 0.33 |
| Telephone Expenses | 0.36 | 0.36 |
| Professional Fees | 2.30 | 5.05 |
| Payment made to Statutory Auditors (Refer Footnote (i) | 1.49 | 1.35 |
| Service Charges | 11.23 | 12.74 |
| Other Expenses | 0.77 | 3.10 |
| **Total** | **16.53** | **22.93** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### (i) Payment made to Statutory Auditors:

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditors | 1.10 | 1.10 |
| For other services (Taxation Matters ) | 0.20 | 0.20 |
| For out-of pocket expenses | 0.19 | 0.05 |
| | **1.49** | **1.35** |

## Note 20 : Exceptional Items

₹ lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Exceptional Items comprises the following :** | | |
| **Total** | - | - |

## 21. Notes on Account

### 21.1 Additional Information to the Financial Statements

#### 21.1.1 Contingent Liabilities

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

₹ lakhs

| S. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| 1. | Contingent liabilities | | |
| | (a) Claims against the Company not acknowledged as debt | NIL | NIL |
| | (b) Guarantees | NIL | NIL |
| | (c) Other money for which the Company is contingently liable | NIL | NIL |
| | **Total** | **NIL** | **NIL** |
| 2. | Commitments | 295.26 | 682.70 |
| | **Total** | **NIL** | **NIL** |

Note: Contingent assets are not recognised in the financial statements

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 21.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| (i) | Principal amount remaining unpaid to any supplier as at the end of the accounting year* | 28.97 | 14.48 |
| (ii) | Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | NIL | NIL |
| (iii) | The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | NIL | NIL |
| (iv) | The amount of interest due and payable for the year | NIL | NIL |
| (v) | The amount of interest accrued and remaining unpaid at the end of the accounting year | NIL | NIL |
| (vi) | The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | NIL | NIL |

Note:

(C) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(ii) * Includes amount recognised under creditor for capital expenditure in Current Financial Liabilities.

## 21.3 Related Party Transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

### (a) Ultimate Holding Company

| Name | Country | Holding as at | |
|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 |
| The Indian Hotels Company Limited | India | - | - |

### (b) Holding Company

| Name | Country | Holding as at | |
|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 |
| PIEM Hotels Limited | India | 94.16% | 94.16% |

### (c) Associates

| Name | Country | Holding as at | |
|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 |
| TAIDA TRADING AND INDUSTRIES LIMITED | India | - | - |

### (a) Details of transactions made during the year:

*(1) PIEM Hotels Limited*

₹ lakhs

| S. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| 1. | Operating/License Fees Income | 147.89 | 69.16 |
| 2. | Reimbursement of Services | 11.23 | 12.74 |
| 3. | Sundry Expenses | - | - |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

*2) PIEM Hotels Limited*

₹ lakhs

| S. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| 1. | Balance at the year end (Receivable) | 64.00 | 19.78 |

*(3) Taida Trading and Industries Ltd.*

₹ lakhs

| S. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| 1. | Interest Received | 29.43 | 0.74 |
| 2. | ICD Given | - | 375.00 |

**Terms and Conditions of Transactions with Related Parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

## 21.4 Earnings Per Share

₹ lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/ (Loss) after tax Rs / lakhs | 95.25 | 151.89 |
| Number of Ordinary Shares | 437600 | 437600 |
| Weighted Average Number of Ordinary Shares: | | |
| Considered in calculation of Basic EPS | 437600 | 437600 |
| Considered in calculation of Diluted EPS | 437600 | 437600 |
| Face Value per Ordinary Share | 10 | 10 |
| **Earnings Per Share:(₹)** | | |
| Basic | 21.77 | 34.71 |
| Diluted | 21.77 | 34.71 |

## 21.5 Income Tax recognised in Profit or loss:

₹ lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| In respect of the current year | 2.04 | 52.15 |
| In respect of earlier years | 0.43 | 0.17 |
| | **2.47** | **52.32** |
| **Deferred Tax** | | |
| **In respect of the current year** | | |
| MAT credit | | - |
| Other items | 30.15 | (0.22) |
| **Adjustment to deferred tax attributable to changes in tax rates and laws** | - | - |
| **In respect of earlier years** | - | - |
| | **30.15** | **(0.22)** |
| **Total tax expense recognised in the current year relating to continuing operations** | **32.62** | **52.10** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### 21.5.1 Transaction with Struck off Companies:

The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

### 21.6 Reconciliation of Tax Expense with the Effective Tax

₹ lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit before tax from continuing operations (a) | **127.87** | **203.99** |
| Income tax rate as applicable (b) | 25.17% | 25.17% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 32.19 | 51.34 |
| **Permanent tax differences due to:** | | |
| Effect of expenses that are not deductible in determining taxable profit | - | 0.59 |
| Prior year taxes as shown above | 0.43 | 0.17 |
| **Income tax expense recognised in profit or loss (relating to continuing operations)** | **32.62** | **52.10** |

**The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:**

₹ lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred Tax Assets | - | - |
| Deferred Tax Liabilities | (35.46) | (5.31) |
| **Net Deferred Tax Liability** | **(35.46)** | **(5.31)** |

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:**

| Particulars | Opening Balance | Recognised in profit or loss | | Closing balance |
|---|---|---|---|---|
| | | Impact of change in Income Tax Rate | Others | |
| **Deferred tax assets / (liabilities):** | | | | |
| Property. Plant and equipment & Intangible Assets | **(5.31)** | **-** | **(30.15)** | **(35.46)** |

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:**

| Particulars | Opening Balance | Recognised in profit or loss | | Closing balance |
|---|---|---|---|---|
| | | Impact of change in Income Tax Rate | Others | |
| **Deferred tax assets / (liabilities):** | | | | |
| Property. Plant and equipment & Intangible Assets | (5.53) | - | 0.22 | (5.31) |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 21.7 Financial Instruments

### 21.7.1 The carrying value and fair value of financial instruments by categories is as follows:

### (a) As of 31st March, 2023

₹ lakhs

| Particulars | FVPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Investments | | | | |
| Equity Investment | | | | |
| Subsidiaries, JVs and Associates | - | - | 10.33 | 10.33 |
| External Companies | - | - | 0.10 | 0.10 |
| Other Financial Assets | - | - | 0.59 | 0.59 |
| Trade Receivables | - | - | 64.00 | 64.00 |
| Cash and cash equivalents | - | - | 384.42 | 384.42 |
| Bank Balance Other than Cash & Cash Equivalent | - | - | 891.61 | 891.61 |
| Loans | - | - | - | - |
| **Total - Financial Assets** | - | - | 1351.05 | 1351.05 |
| **Financial liabilities:** | | | | |
| Other Financial Liabilities | - | - | 225.97 | 225.97 |
| **Total - Financial Liabilities** | - | - | 225.97 | 225.97 |

### (b) As of 31st March, 2022

₹ lakhs

| Particulars | FVPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Investments | | | | |
| Equity Investment | | | | |
| Subsidiaries, JVs and Associates | - | - | 10.33 | 10.33 |
| External Companies | - | - | 0.10 | 0.10 |
| Other Financial Assets | - | - | 0.59 | 0.59 |
| Trade Receivables | - | - | 19.78 | 19.78 |
| Cash and cash equivalents | - | - | 743.93 | 743.93 |
| Bank Balance Other than Cash & Cash Equivalent | - | - | 1494.87 | 1494.87 |
| Loans | - | - | 375.00 | 375.00 |
| **Total - Financial Assets** | - | - | 2644.60 | 2644.60 |
| **Financial liabilities:** | | | | |
| Other Financial Liabilities | - | - | 58.45 | 58.45 |
| **Total - Financial Liabilities** | - | - | 58.45 | 58.45 |

## 21.8 Segment Reporting (Ind AS-108)

Disclosure of segment wise information is not applicable as Hoteliering is the Company's only business segment.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### 21.9 Payments to the Auditor Comprises of:

₹ lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Audit Fees (As statutory auditors) | 1.10 | 1.10 |
| Taxation Matters | 0.20 | 0.20 |
| Reimbursement of Expenses | 0.19 | 0.05 |
| **Total** | **1.49** | **1.35** |

### 21.10 Events occurring after the Reporting Period

There are no events which qualify for events happening after the reporting period.

### 21.11 Ratio

The Following are analytical for the year end 31st March'2023 and March'2022:-

| | Particulars | Numerator | Denominator | As at 31 March 2023 | As at 31 March 2022 | Variance |
|---|---|---|---|---|---|---|
| i) | Current Ratio | Current assets | Current Liabilities | 5.87 | 28.05 | -79.06% |
| ii) | Debts- Equity Ratio | Total Debt | Shareholder's Equity | 0% | 0% | 0.00% |
| iii) | Debts Service Coverage Ratio | Earning available for debt services | Debt Service | 0.00 | 0.00 | 0.00% |
| iv) | Return on Equity (ROE) | Net Profit after taxes | Average Shareholder's Equity | 2.70% | 4.46% | -1.76% |
| v) | Inventory Turnover Ratio | Cost of goods sold | Average Inventory | 0.00 | 0.00 | 0.00% |
| vi) | Trade receivable turnover ratio | Revenue from Business Operation | Average Trade Receivable(4) | 3.53 | 3.09 | 14.12% |
| vii) | Trade payables turnover ratio | Purchase of services and other expenses | Average Trade Payables | 0.00 | 0.00 | 0.00% |
| viii) | Net Capital turnover ratio | Revenue from Business Operation | Working Capital | 0.12 | 0.03 | 352.25% |
| ix) | Net profit ratio | Net Profit | Revenue | 39.99% | 66.65% | -26.67% |
| x) | Return on capital employed (ROCE) | Earning before interest and taxes | Capital Employed | 3.57% | 5.86% | -2.28% |
| ix) | Return on Investment (ROI) | Income generated from investments | Average Investments | 3.53% | 5.74% | -2.22% |

### Offsetting financial assets and financial liabilities

There are no financial liabilities and assets that are off set during the financial years ending 31.03.2023 and 31.03.2022.

In terms of our report attached.

For **O. P. Dadu & Co.**
Chartered Accountants
Firm Registration No. 001201N

**For and on behalf of the Board**

**Abhey Dadu**
Partner
Membership No.093313

New Delhi, April 17, 2023

**Sudhir L. Nagpal**
Director
DIN No.- 00044762

Mumbai, April 17,2023

**Rajesh R. Nagpal**
Director
DIN No.- 00032123

Mumbai, April 17,2023

# Independent Auditor's Report

**To the Members of PIEM Hotels Limited**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of PIEM Hotels Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs 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 Act 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 on the financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and 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.

## Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, the Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

# Independent Auditor’s Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2A. 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 01 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 23 to the financial statements.

   b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   d(i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 39(e) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 39(f) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or do otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 41 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

a. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.:101248W/W-100022

**Tarun Kinger**
*Partner*
Membership No.: 105003
ICAI UDIN:23105003BGYDKC6107

Place: Mumbai
Date: April 17, 2023

# Annexure A to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023

## (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value (₹ in lakhs) | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|---|---|---|---|---|---|
| Piece of Land at Agra (Freehold) | 4.32 | Zorawar Singh, Nathu Singh, Shri Mohan Singh, Ramesh Chand, Dauji Ram | No | 1988 | Due to non-availability of all signatories at the same time, registration formalities are pending. |
| Land in Lucknow (RoU Asset) | 818.54 | Indian Hotels Company Limited | Yes (Promoter) | 2003 | Endorsement by the local development authority in its records of the assignment of lease by the holding company in favour of the Company is pending since 2003. |
| Land in Indore (RoU Asset) | 2.98 | PIEM Holdings Limited | NA | 2002 | Allotment is in the name of erstwhile subsidiary which got amalgamated with the Company with effect from 2002. |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has sanctioned working capital limits in excess of five crore rupees in aggregate from banks. However, since the Company has not drawn any amount against the aforesaid sanctioned limits, it was not required to file any returns with any banks during the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company. The Company did not have any sanctioned working capital limits from financial institutions.

# Annexure A to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023 (Contd.)

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any secured loans or secured or unsecured advances in the nature of loans, to companies, firms, limited liability partnerships or any other parties during the year. The Company has made investments in, granted unsecured loans and advances in the nature of loans to other parties in respect of which the requisite information is as below. The Company has not made investments in or granted any unsecured loans to firms, limited liability partnerships or any other parties during the year

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to employees as below:

| Particulars | Loans (₹ in lakhs) |
|---|---|
| Aggregate amount during the year<br>Others | **108.91** |
| Balance outstanding as at balance sheet date<br>Others | **97.37** |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the loans granted during the year are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any advances in the nature of loans during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the loans given to employees is not interest bearing and in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

# Annexure A to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023 (Contd.)

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise and Sales tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, considering the principles of materiality outlined in Standards on Auditing, in our opinion amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of Goods and Services Tax, Income-Tax, Professional Tax and Employees' State Insurance. The Company does not have liability in respect of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, considering the principles of materiality outlined in Standards on Auditing, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable. The Company does not have liability in respect of Duty of Customs.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of the dues | Amount Demanded (₹ in lakhs) | Amount not Deposited Under Disputes (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act | Income Tax | 324.22 | 324.22 | AY 2016-17 | High Court / Commissioner of Income Tax, Appeals. |
| The Finance Act,1994 | Service Tax | 419.15 | 412.15 | FY 2010-11 to 2018-19 | Commissioner of Central GST and Central Excise, Lucknow |
| The Finance Act, 1994 | Service Tax | 157.60 | 157.60 | FY 2005-06 to 2010-11 | Commissioner of Central GST and Central Excise, Pune |
| The Finance Act, 1994 | Service Tax | 43.46 | 43.46 | FY 2015-16 to 2017-18 | Commissioner of Central GST and Central Excise, Mumbai |
| State Goods and Service Act, 2017 | Goods and Service Tax | 202.96 | 202.96 | FY 2018-19 | Deputy Commissioner of Maharashtra State GST, Mumbai |
| The U.P Sales Tax Act | VAT | 14.94 | 9.48 | FY 2013-14 to FY 2018-19 | Deputy Commissioner of State Tax |
| The Finance Act,1994 | Service Tax | 19.67 | 19.67 | FY 2015-16 to 2017-18 | Deputy Commissioner of Central GST and Central Excise, Mumbai |
| The U.P Sales Tax Act | Sales Tax | 0.82 | 0.82 | FY 2007-08 | Deputy Commissioner of State Tax |
| Luxury Tax | Luxury Tax | 11.55 | 11.55 | FY 2004-05 | Senior Assistant Commissioner of Sales Tax |
| Entertainment Tax | Entertainment Tax | 1.11 | 1.01 | FY 1997-98 | High Court, Allahabad |
| The Bombay Entertainments Duty Act | Entertainment Tax | 166.00 | 166.00 | FY 2010- 2018 | Brihanmumbai Mahanagar Palika |
| Mumbai Municipal Corporation Act | Property Tax | 766.85 | 544.17 | FY 2010- 2022 | Brihanmumbai Mahanagar Palika |
| Agra Municipal Corporation | Property Tax | 87.65 | 22.65 | FY 2002-07 | Agra Nagar Nigam |

# Annexure A to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023 (Contd.)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.

(xii) (a) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) (a) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

# Annexure A to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023 (Contd.)

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable..

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.:101248W/W-100022

**Tarun Kinger**
*Partner*
Membership No.: 105003
ICAI UDIN:23105003BGYDKC6107

Place: Mumbai
Date: April 17, 2023

# Annexure B to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023

## Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

### Opinion

We have audited the internal financial controls with reference to financial statements of PIEM Hotels Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

# Annexure B to the Independent Auditor's Report on the Financial Statements of PIEM Hotels Limited for the year ended 31 March 2023 (Contd.)

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.:101248W/W-100022

**Tarun Kinger**
*Partner*
Membership No.: 105003
ICAI UDIN:23105003BGYDKC6107

Place: Mumbai
Date: April 17, 2023

# Balance Sheet

as at March 31, 2023

₹ in lakhs

| | Notes | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 3(a) | 44,440.22 | 46,694.64 |
| Rights-of-Use Assets | 3(b) | 6,588.07 | 6,714.18 |
| Capital work-in-progress | 3(a) | 162.78 | 518.98 |
| Intangible Assets | 4 | 69.90 | 56.23 |
| | | **51,260.97** | **53,984.03** |
| Financial Assets | | | |
| Investments | 5(a) | 14,437.29 | 14,521.49 |
| Other Financial Assets | 5(b) | 418.40 | 420.38 |
| Deferred Tax Assets (Net) | 12 | 3,364.02 | 4,124.90 |
| Advance Income Tax (Net) | | 144.82 | 636.78 |
| Other Non Current Assets | 7 | 1,017.21 | 601.32 |
| **Total Non-Current Assets** | | **70,642.71** | **74,288.90** |
| **Current Assets** | | | |
| Inventories | 8 | 1,179.65 | 901.09 |
| Financial Assets | | | |
| Investments | 5(a) | 4,353.49 | 501.20 |
| Trade Receivables | 5(c) | 2,433.86 | 1,159.01 |
| Cash and Cash Equivalents | 5(d) | 1,574.81 | 552.18 |
| Other Balances with Banks | 5(d) | 72.80 | 538.36 |
| Other Financial Assets | 5(b) | 974.99 | 579.78 |
| Other Current Assets | 6 | 2,085.54 | 1,794.52 |
| **Total Current Assets** | | **12,675.14** | **6,026.14** |
| **Total Assets** | | **83,317.85** | **80,315.04** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 9(a) | 381.00 | 381.00 |
| Other Equity | 9(b) | 64,684.40 | 60,218.67 |
| **Total Equity** | | **65,065.40** | **60,599.67** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Financial Liabilities | | | |
| Lease Liabilities | 10(c) | 7,715.36 | 7,492.36 |
| Other Financial Liabilities | 10(a) | 17.59 | 25.22 |
| Provisions | 11 | 534.26 | 542.19 |
| **Total Non-Current Liabilities** | | **8,267.21** | **8,059.77** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 10(c) | - | 2,500.00 |
| Lease Liabilities | | 15.87 | 15.21 |
| Trade Payables | | | |
| Total Outstanding dues of micro and small enterprises | 10(b) | 337.85 | 333.30 |
| Total Outstanding dues of creditors other than micro and small enterprises | 10(b) | 4,990.39 | 3,882.88 |
| Other Financial Liabilities | 10(a) | 1,517.54 | 2,162.02 |
| Other Current Liabilities | 13 | 1,965.09 | 1,461.27 |
| Provisions | 11 | 1,158.50 | 1,300.92 |
| **Total Current Liabilities** | | **9,985.24** | **11,655.60** |
| **Total Liabilities** | | **18,252.45** | **19,715.37** |
| **Total Equity and Liabilities** | | **83,317.85** | **80,315.03** |
| The accompanying notes form an integral part of the financial statements | 1 - 41 | | |

To be read along with our audit report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.
101248W / W-100022

**Tarun Kinger**
Membership No : 105003

Mumbai, April 17, 2023

**For and on behalf of the Board**

**Puneet Chhatwal**
(Chairman & Managing Director)
DIN No. 07624616

**Rajesh R. Nagpal**
(Jt. Managing Director)
DIN No. 00032123

**Sudhir L. Nagpal**
(Jt. Managing Director)
DIN No. 00044762

**Ms. Farzana Sam Billimoria**
Company Secretary

Mumbai, April 17, 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

₹ in lakhs

| | Notes | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| **Revenue** | | | |
| Revenue from Operations | 14 | 49,702.58 | 26,207.69 |
| Other Income | 15 | 713.49 | 419.12 |
| **Total Income** | | **50,416.07** | **26,626.81** |
| **Expenses** | | | |
| Food and Beverages Consumed | 16 | 5,965.77 | 3,529.64 |
| Employee benefit expenses and payment to contractors | 17 | 10,554.30 | 9,462.18 |
| Finance Costs | 18 | 856.38 | 1,438.07 |
| Depreciation and Amortisation expenses | 3a, 3b & 4 | 3,808.12 | 4,090.06 |
| Other Operating and General expenses | 19 | 20,893.65 | 13,296.21 |
| **Total expenses** | | **42,078.22** | **31,816.16** |
| **Profit Before Exceptional items and Tax** | | 8,337.85 | (5,189.35) |
| **Exceptional Item** | 33 | - | 3,516.34 |
| **Profit Before Tax** | | **8,337.85** | **(1,673.01)** |
| **Tax Expenses** | | | |
| Current Tax | 20 | 1,430.81 | - |
| Deferred Tax | 20 | 2,222.83 | (1,408.75) |
| Minimum Alternate Tax Credit | | (1,430.81) | - |
| **Total tax expenses** | | **2,222.83** | **(1,408.75)** |
| **Profit/ (Loss) during the year** | | **6,115.02** | **(264.26)** |
| **Other Comprehensive income** | | | |
| **Items that will not be reclassified subsequently to profit and loss** | | | |
| Remeasurement of defined benefit obligation | | (72.22) | (23.00) |
| Change in fair value of equity instruments designated irrevocably as Fair value through other comprehensive income | | (84.20) | 3,901.22 |
| (Less) :-Income tax expense / (credit) | | 31.13 | (449.62) |
| **Other Comprehensive income for the year, net of tax** | | **(125.29)** | **3,428.60** |
| **Total Comprehensive Income for the year** | | **5,989.73** | **3,164.34** |
| **Earnings per share - ₹ (Basic and Diluted)** | 35 | 160.50 | (6.94) |
| **Face value per ordinary share - (₹)** | | 10.00 | 10.00 |
| The accompanying notes form an integral part of the financial statements | 1 - 41 | | |

To be read along with our audit report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.
101248W / W-100022

**Tarun Kinger**
Membership No : 105003

Mumbai, April 17, 2023

**For and on behalf of the Board**

**Puneet Chhatwal**
(Chairman & Managing Director)
DIN No. 07624616

**Sudhir L. Nagpal**
(Jt. Managing Director)
DIN No. 00044762

**Rajesh R. Nagpal**
(Jt. Managing Director)
DIN No. 00032123

**Ms. Farzana Sam Billimoria**
Company Secretary

Mumbai, April 17, 2023

# Statement of Changes in Equity
for the year ended March 31, 2023

₹ in lakhs

| | Equity Share Capital Subscribed | Reserves and Surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital Reserve | Capital Redemption Reserve | Securities Premium | General Reserve | Retained Earnings | Equity Instruments through other comprehensive income | |
| **Balance at the beginning of April 1, 2021** | **381.00** | **375.61** | **77.00** | **2,011.00** | **12,834.04** | **36,376.95** | **5,886.46** | **57,942.05** |
| Profit for the year | - | - | | - | - | (264.26) | - | (264.26) |
| Other Comprehensive Income for the year ended March 31, 2022, net of taxes, excluding actuarial gain/ losses, given below | - | - | | - | - | - | 3,445.20 | 3,445.20 |
| Actuarial Gains / Losses (Not Reclass to P&L) | - | - | - | - | - | (16.60) | - | (16.60) |
| **Total Comprehensive Income for the year 2021/22** | **-** | **-** | **-** | **-** | **-** | **(280.86)** | **3,445.20** | **3,164.34** |
| Dividends | - | - | | - | - | (506.73) | - | (506.73) |
| **Balance at the end of March 31, 2022** | **381.00** | **375.61** | **77.00** | **2,011.00** | **12,834.04** | **35,589.36** | **9,331.66** | **60,599.67** |
| **Balance at the beginning of April 1, 2022** | **381.00** | **375.61** | **77.00** | **2,011.00** | **12,834.04** | **35,589.36** | **9,331.66** | **60,599.67** |
| Profit for the period | - | - | | - | - | 6,115.02 | - | 6,115.02 |
| Other Comprehensive Income for the year ended March 31, 2023, net of taxes, excluding actuarial gain/ losses, given below | - | - | | - | - | - | (74.39) | (74.39) |
| Actuarial Gains / Losses (Not Reclass to P&L) | - | - | | - | - | (50.90) | - | (50.90) |
| **Total Comprehensive Income for the year ended 2022/23** | **-** | **-** | **-** | **-** | **-** | **6,064.12** | **(74.39)** | **5,989.73** |
| Dividends | - | - | | - | - | (1,524.00) | - | (1,524.00) |
| **Balance at the end of March 31, 2023** | **381.00** | **375.61** | **77.00** | **2,011.00** | **12,834.04** | **40,129.48** | **9,257.27** | **65,065.40** |
| The accompanying notes form an integral part of the financial statements | 1 - 41 | | | | | | | |

The above statement of changes in equity should be read along with our audit report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.
101248W / W-100022

**Tarun Kinger**
Membership No : 105003

Mumbai, April 17, 2023

**For and on behalf of the Board**

**Puneet Chhatwal**
(Chairman & Managing Director)
DIN No. 07624616

**Rajesh R. Nagpal**
(Jt. Managing Director)
DIN No. 00032123

**Sudhir L. Nagpal**
(Jt. Managing Director)
DIN No. 00044762

**Ms. Farzana Sam Billimoria**
Company Secretary

Mumbai, April 17, 2023

# Cash Flows Statement
for the year ended March 31, 2023

₹ in lakhs

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Profit Before Tax | 8,337.85 | (1,673.01) |
| **Adjustments For :** | | |
| Depreciation and Amortisation | 3,808.12 | 4,090.06 |
| Gain on termination of Ind AS 116 Lease / waiver of lease rent | - | (100.83) |
| Provision for Doubtful Debts | (55.74) | (26.68) |
| (Profit)/Loss on sale of non-current investments | - | (3,516.34) |
| (Profit)/Loss on sale of current investments | (62.42) | (10.22) |
| Loss on Sale/Discarding of Assets | 51.68 | 101.31 |
| SEIS Income written off | - | 92.48 |
| Dividend Income | (35.41) | (16.00) |
| Interest Income | (105.91) | (49.60) |
| Interest Expense | 98.46 | 701.02 |
| Interest on Lease Liability (Ind AS 116) | 757.92 | 737.06 |
| Fair value movement on Investment measured at FVTPL | (39.86) | (1.30) |
| Provision for Employee Benefits (OCI Adjustments) | (72.22) | (23.00) |
| | **4,344.62** | **1,977.96** |
| Cash Operating Profit before working capital changes | 12,682.47 | 304.95 |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Inventories | (278.56) | (158.62) |
| Trade Receivables | (1,219.11) | (357.62) |
| Other financial current assets | (360.83) | 123.82 |
| Other Current assets | (291.03) | (10.29) |
| Other financial non current assets | 1.98 | (24.37) |
| Other non current assets | (311.30) | (27.29) |
| | **(2,458.85)** | **(454.37)** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade Payables | 1,112.05 | 632.14 |
| Other current liabilities | 503.83 | 484.29 |
| Other financial current liabilities | (122.48) | 718.25 |
| Other financial non current liabilities | (15.56) | 19.77 |
| Other liabilities | (142.41) | 472.57 |
| | **1,335.43** | **2,327.02** |
| Cash Generated from Operating Activities | 11,559.05 | 2,177.60 |
| Direct Taxes (Paid)/ Refunded | (938.86) | (285.20) |
| **Net Cash From Operating Activities (A)** | **10,620.19** | **1,892.40** |

# Cash Flows Statement (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Cash Flow From Investing Activities** | | |
| Purchase of Property, Plant & Equipment | (1,927.79) | (2,790.84) |
| Sale of Property, Plant & Equipment | 174.32 | 52.98 |
| Purchase of current Investments | (7,150.00) | (2,500.00) |
| Sale of current Investments | 3,400.00 | 2,010.33 |
| Sale of Investment in an Associate | - | 8,516.34 |
| Interest Received | 71.54 | 21.98 |
| Dividend Received | 35.41 | 16.00 |
| Bank balances other than cash and cash equivalents | 465.56 | 196.80 |
| **Net Cash Used In Investing Activities (B)** | **(4,930.96)** | **5,523.58** |
| **Cash Flow From Financing Activities** | | |
| Interest Paid | (108.33) | (691.16) |
| Payment of Lease Liabilities (including Interest) | (534.27) | (534.27) |
| Proceeds from long term borrowings | - | 900.00 |
| Repayment from long term borrowings | - | (4,500.00) |
| Proceeds from short term borrowings from related party | - | 2,000.00 |
| Repayment of short term borrowings from related party | (2,500.00) | (3,500.00) |
| Proceeds / (Repayment) from other short term borrowings | - | (64.42) |
| Dividend & Tax paid | (1,524.00) | (506.73) |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **(4,666.60)** | **(6,896.58)** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | **1,022.63** | **519.40** |
| **Cash and Cash Equivalents - Opening** | 552.18 | 32.78 |
| **Cash and Cash Equivalents - Closing** | 1,574.81 | 552.18 |

Note:
Refer note 10( C) for Net Debt reconciliation

The accompanying notes form an integral part of the financial statements 1 - 41

To be read along with our audit report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.
101248W / W-100022

**Tarun Kinger**
Membership No : 105003

Mumbai, April 17, 2023

**For and on behalf of the Board**

**Puneet Chhatwal**
(Chairman & Managing Director)
DIN No. 07624616

**Sudhir L. Nagpal**
(Jt. Managing Director)
DIN No. 00044762

**Rajesh R. Nagpal**
(Jt. Managing Director)
DIN No. 00032123

**Ms. Farzana Sam Billimoria**
Company Secretary

Mumbai, April 17, 2023

# Notes to the Financial Statements
for the year ended March 31, 2023

## Background and Operations

Piem Hotels Limited is a subsidiary of The Indian Hotels Company Limited. The Company is primarily engaged in the business of owning and operating hotels. The registered office of the Company is located at 90, Cuffe Parade, Mumbai 400005.

The financial statements were approved by the Board of Directors and authorised for issue on April 17, 2023.

## 1. Significant Accounting Policies

a. Statement of Compliance:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

Recent Accounting Pronouncements:

**New Accounting Standards/Amendments Notified and Adopted by the Company:**

The Company has applied the following amendments for the first time for their annual reporting period commencing April 1, 2022:

Ind AS 16 – Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**New Standards/Amendments Notified but Not yet Effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 1, 2023. Following are few key amendments relevant to the Company:

i. Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

   Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

ii. Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

iii. Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

iv. Ind AS 12 – Income Taxes –

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

**The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.**

b. Basis of presentation and presentation:

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period and plan assets in case of defined benefits plan, as explained in the accounting policies below.

c. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed in line with the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

For fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

- An asset is current when it is:
  - Expected to be realized within twelve months after the reporting period, or within the normal operating cycle of the company.
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
  - All other assets are classified as non-current.
- A liability is current when:
  - It is expected to be settled in normal operating cycle
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
  - All other liabilities are classified as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e. Use of Estimates and Judgements

Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are provided in Note 2.

f. Consolidation

These financial statements represent the separate financial statements of the Company. The Ministry of Corporate Affairs (MCA) through its circular dated July 27, 2016 has exempted a company from preparing and filing of consolidated financial statements if its ultimate or intermediate holding company is filing consolidated financial statements.

Further Sub - Para (iv) to Para 4 of Ind AS 110 - Consolidated Financial Statements exempts a company from consolidation if its ultimate parent produces Ind AS complied consolidated financial statement, which are available for public use.

In view of above exemptions, the Company is not required to file the consolidated financial statements.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

The Company has complied with Ind AS 27: Separate financial statements whereby investments in subsidiaries, joint ventures and associates are to be valued either

- at cost; or
- in accordance with Ind AS 109.

The Company has elected to measure its investment in subsidiaries and associates at cost determined in accordance with Ind AS 27 at original cost of investment in subsidiaries and associates.

g. Revenue recognition

### Revenue from Services

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the company as part of the contract.

### Income from Operations

**Rooms, Food and Beverage & Banquets:** Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer.

**Space and Shop Rentals:** Rentals basically consist of rental revenue earned from letting of spaces for retails and office at the properties. These contracts for rentals are generally of short term in nature. Revenue is recognized in the period in which services are being rendered.

**Other Allied Services:** In relation to the laundry income, communication income, health club income, transfers income and other allied services, the revenue has been recognized by reference to the time of service rendered.

**Membership Fees:** Membership fee income majorly consists of health club and spa membership fees. The performance obligations are satisfied over a period of time. Revenue is recognised at the allocated transaction price on a time-proportion basis.

- **Interest**

  Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's gross carrying amount on initial recognition.

- **Dividend**

  Dividends are recognized in profit and loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

h. Employee Benefits

### (i) Short- Term Obligations

Liabilities for the wages and salaries, including non- monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

**(ii) Other Long-Term Employee Benefit Obligations**

The Liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employee render the related services. They are therefore measured as the present value of expected future payments to be made in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of the reporting period having terms approximating to the terms of the related obligations. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in Profit and Loss.

**(iii) Post-Employment Obligations**

**– Defined Contribution plan (Provident fund)**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognized as an expense in the Statement of Profit and Loss. The contributions as specified under the law are paid to the respective Regional Provident fund commissioner (RPFC) or to the trust set up by the Company. In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan.

The Company's contribution is recognized as an expense in the Statement of Profit & Loss.

**– Defined Benefit plans (Gratuity)**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognized in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in Statement Profit and Loss in the line item "Employee Benefits Expenses". Curtailment gains and losses are accounted for as past service costs.

The defined benefit obligation recognized in the Balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

– **Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognized based on the likely entitlement thereof.

i. Property, plant and equipment

Freehold land is carried at historical Cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and where applicable accumulated impairment losses. Historical Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of Property, Plant and equipment have differential useful life, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and equipment and are recognized within other income/ other expenses in the statement of profit and loss account

The Subsequent cost or cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing and all other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been re-assessed as under based on group's technical evaluation, taking into the account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties, maintenance support, etc.

| | |
|---|---|
| Plant and machinery | 10 to 20 years |
| Electrical installations and equipment | 20 years |
| Hotel Wooden Furniture | 15 years |
| End User devices -Computers, Laptops, etc. | 6 years |
| Minor Additions to Furniture & Fittings/Plant & Machinery | 4 years |
| Improvements to Buildings | 15 years |
| Operating Supplies on opening of a new hotel | 2 to 3 years |

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the assets. The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

j. Intangible assets

**(i) Computer Software**

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Useful life of the intangible assets are as follows

| | |
|---|---|
| Website Development Cost | 5 years |
| Cost of Customer Reservation System (including licensed software) | 6 years |

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

k. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, an impairment loss is immediately recognized.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit or loss section of the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately.

l. Foreign Currency Translation

– **Functional and Presentation Currency**

The Financial Statement is presented in Indian Rupee (INR), which is Piem Hotels Limited's functional and presentation currency.

– **Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

– **Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported in the functional currency, using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported in functional currency using the exchange rates that existed when the fair value measured. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

m. Leases

On inception of a contract, Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-to-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-to-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-to-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which Company is reasonably certain to exercise and excludes the effect of early termination options where Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

In case of early termination of lease contract with mutual consent of both the parties, the carrying amount of right to use assets and lease liabilities are de recognised on the date of termination, and the differential amount is debited/ credited to statement of profit and loss.

Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities; and
- payments for the principal and interest element of recognised lease liabilities are presented within cash flows from financing activities.

n. Inventories

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realizable value. Cost include the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts, rebates and benefits are deducted in determining the cost of purchase. Net realizable value represents the estimated selling price for the inventories less all estimated costs of completion and costs necessary to make the sale.

o. Taxes

– **Current income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable income of the year. The tax rates and tax laws used for computation of current tax includes those that are enacted or substantively enacted, at the reporting date.

Current tax is recognized in the statement of profit and loss except to the extent it relates to an item recognized directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis or to realise the asset and settle the liability simultaneously.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

– **Deferred tax**

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of the report period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

– **Current and Deferred tax charge for the year**

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) is accounted when the Company is subjected to such provisions of the Income Tax Act. Minimum Alternative Tax (“MAT”) credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

p. Accounting for Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized, when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Present value is arrived by using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized but only disclosed in the financial statements.

q. Cash and Cash equivalents

Cash comprises cash on hand and demand 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.

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows for the year are classified by operating, investing and financing activities.

r. Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

s. Segment Reporting

The Company identifies operating segments based on the internal reporting provided to the Management of the Company. Disclosure of segment wise information is not applicable as Hoteliering is the Company's only business segment.

t. Financial Instruments & Risk Management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial assets

#### 1. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The Classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investment when and only when its business model for managing those assets changes.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

2. **Initial Recognition and Measurement**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

3. **Subsequent Measurement**

- Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- Debt instrument at FVTOCI (Fair Value through Other Comprehensive Income)

A 'debt instrument' is measured at Fair value through OCI if both the following conditions are met:

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in Statement of Profit and Loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognised in Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to Statement of Profit and Loss.

– **Debt instrument at FVTPL (Fair Value through Profit and Loss account)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

– **Equity investments**

All equity investments, other than those in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. Where the Company has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

– **Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and bank balance;

(b) Contract assets and trade receivables under Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**(ii) Financial Liabilities and Equity**

– **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

– **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

– **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

– **Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.
- Financial liabilities subsequently measured at amortized cost

  This is the category most relevant to the Company. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

– **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

– **Derecognition**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

**u. Rounding of Amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (with 2 decimals) as per the requirement of Sch III, unless otherwise stated.

## 2. Critical Estimates & Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities & contingent assets. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying number of assets or liabilities affected in future periods.

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**a. Estimated Useful Life of Property, Plant and Equipment & Intangible Assets**

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation/amortisation expense in future periods. -Refer Note 3(a) & Note 4.

**b. Impairment of Non-Financial Assets**

Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

**c. Estimation of Current Tax Expense and Deferred Tax**

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss. - Refer Note 20.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

**d. Estimation of Defined Benefit Obligation**

The cost of the defined benefit gratuity plan and compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. - Refer Note 29(ii)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds having balance maturity period in consistent with the average balance service period of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates.

**e. Estimation for Litigation**

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made, and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Refer Note 31.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 3 (a) : Property, Plant and Equipment (Owned, unless otherwise stated)

₹ in lakhs

| | Freehold Land Refer Footnote (ii) | Buildings Refer Footnote (iii) | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At April 1, 2022 | **1,971.78** | **30,424.86** | **24,657.20** | **9,812.57** | **1,145.22** | **493.69** | **68,505.32** |
| Additions | - | 475.76 | 741.61 | 303.09 | 108.79 | - | **1,629.25** |
| Adjustment | - | - | - | - | - | (118.32) | **(118.32)** |
| Disposals | - | 246.40 | 97.95 | 35.65 | 15.52 | 29.79 | **425.31** |
| **As at March 31, 2023** | **1,971.78** | **30,654.22** | **25,300.86** | **10,080.01** | **1,238.49** | **345.58** | **69,590.94** |
| **Depreciation** | | | | | | | |
| At April 1, 2022 | **-** | **6,488.56** | **9,723.20** | **4,358.54** | **896.27** | **344.11** | **21,810.68** |
| Charge for the period | - | 1,235.16 | 1,523.63 | 855.99 | 124.22 | 34.07 | **3,773.07** |
| Adjustments | - | - | - | - | - | (115.40) | **(115.40)** |
| Disposals / Adjustments | - | 183.90 | 62.74 | 27.58 | 15.11 | 28.30 | **317.63** |
| **As at March 31, 2023** | **-** | **7,539.82** | **11,184.09** | **5,186.95** | **1,005.38** | **234.48** | **25,150.72** |
| **Net Block** | | | | | | | |
| **As at March 31, 2022** | **1,971.78** | **23,936.30** | **14,934.00** | **5,454.03** | **248.95** | **149.58** | **46,694.64** |
| **As at March 31, 2023** | **1,971.78** | **23,114.40** | **14,116.77** | **4,893.06** | **233.11** | **111.10** | **44,440.22** |

₹ in lakhs

| | Freehold Land Refer Footnote (ii) | Buildings Refer Footnote (iii) | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| At April 1, 2021 | **1,971.78** | **29,074.86** | **23,862.60** | **9,346.31** | **1,091.00** | **375.37** | **65,721.92** |
| Additions | - | 1,486.90 | 1,045.75 | 498.47 | 58.97 | 118.32 | **3,208.41** |
| Disposals | - | 136.90 | 251.15 | 32.21 | 4.75 | - | **425.01** |
| **As at March 31, 2022** | **1,971.78** | **30,424.86** | **24,657.20** | **9,812.57** | **1,145.22** | **493.69** | **68,505.32** |
| **Depreciation** | | | | | | | |
| At April 1, 2021 | **-** | **5,311.23** | **8,338.99** | **3,550.82** | **760.82** | **194.30** | **18,156.16** |
| Charge for the year | - | 1,248.62 | 1,556.66 | 830.72 | 138.96 | 149.81 | **3,924.77** |
| Disposals / Adjustments | - | 71.29 | 172.45 | 23.00 | 3.98 | - | **270.72** |
| **As at March 31, 2022** | **-** | **6,488.56** | **9,723.20** | **4,358.54** | **896.27** | **344.11** | **21,810.68** |
| **Net Block** | | | | | | | |
| **As at March 31, 2021** | **1,971.78** | **23,763.63** | **15,523.61** | **5,795.49** | **330.18** | **181.07** | **47,565.76** |
| **As at March 31, 2022** | **1,971.78** | **23,936.30** | **14,934.00** | **5,454.03** | **248.95** | **149.58** | **46,694.64** |

### Footnotes :

(i) Capital work in progress ageing is as given below :

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Capital Work in Progress | **162.78** | **518.98** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### March 31, 2023

| CWIP | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| Projects in progress | 89.92 | 12.91 | - | 17.54 | 120.37 |
| Other Capex | 17.77 | - | - | 6.79 | 24.56 |
| Projects temporarily suspended | - | - | 8.63 | 9.22 | 17.85 |
| | **107.69** | **12.91** | **8.63** | **33.55** | **162.78** |

### March 31, 2022

| CWIP | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| Projects in progress | 6.11 | 10.62 | - | - | 16.73 |
| Other Capex | 207.99 | 5.75 | 87.13 | 201.38 | 502.25 |
| Projects temporarily suspended | - | - | - | - | - |
| | **214.10** | **16.37** | **87.13** | **201.38** | **518.98** |

Other Capex represents design fees, routine capex, soft refurbishment, brought outs, etc

(ii) Cost of Freehold land includes ₹ 4.32 lakhs pending registration (previous year ₹ 4.32 lakhs). Refer Note 39(a) for details

(iii) Gross Block includes

(a) Improvements to buildings constructed on leasehold land - ₹ 26,247.31 lakhs (previous year - ₹ 25,991.39 lakhs)

(b) Cost of shares of Co-operative Societies in case of Residential Buildings

## Note 3(b) : Right-of-Use Assets

| | Leasehold Land | Building | Total |
|---|---|---|---|
| **Cost** | | | |
| At April 1, 2022 | **7,067.60** | **24.37** | **7,091.97** |
| Additions | - | - | - |
| Deductions for the year | - | - | - |
| **As at March 31, 2023** | **7,067.60** | **24.37** | **7,091.97** |
| **Depreciation** | | | |
| At April 1, 2022 | **377.01** | **0.78** | **377.79** |
| Charge for the period | 125.73 | 0.38 | 126.11 |
| Deductions for the year | - | - | - |
| **As at March 31, 2023** | **502.74** | **1.16** | **503.90** |
| **Net Block** | | | |
| **As at March 31, 2022** | **6,690.59** | **23.59** | **6,714.18** |
| **As at March 31, 2023** | **6,564.86** | **23.21** | **6,588.07** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | Leasehold Land | Building | Total |
|---|---|---|---|
| **Cost** | | | |
| At April 1, 2021 | **7,067.60** | **24.37** | **7,091.97** |
| Additions | - | - | - |
| Deductions for the year (foot note 2) | - | - | - |
| **As at March 31, 2022** | **7,067.60** | **24.37** | **7,091.97** |
| **Depreciation** | | | |
| At April 1, 2021 | **251.28** | **0.40** | **251.68** |
| Charge for the year | 125.73 | 0.38 | 126.11 |
| Deductions for the year (foot note 2) | - | - | - |
| **As at March 31, 2022** | **377.01** | **0.78** | **377.79** |
| **Net Block** | | | |
| **As at March 31, 2021** | **6,816.32** | **23.97** | **6,840.29** |
| **As at March 31, 2022** | **6,690.59** | **23.59** | **6,714.18** |

### Foot note

1. Company's leased assets mainly comprise land and hotel properties. Leases contain a wide range of different terms and conditions. The term of property leases ranges from 60-99 years (Previous year 60-99 years). The average lease term remaining is 52 years (Previous year 53 years).

## Note 4 : Intangible Assets

| | Website Development Cost | Software (Refer Footnote) | Total |
|---|---|---|---|
| **Cost** | | | |
| At April 1, 2022 | **4.38** | **529.60** | **533.98** |
| Additions | - | 38.00 | **38.00** |
| Disposals | - | - | **-** |
| **As at March 31, 2023** | **4.38** | **567.60** | **571.98** |
| **Amortisation** | | | |
| At April 1, 2022 | **4.38** | **473.37** | **477.75** |
| Charge for the year | - | 24.33 | **24.33** |
| Disposals / Adjustments | - | - | **-** |
| **As at March 31, 2023** | **4.38** | **497.70** | **502.08** |
| **Net Block** | | | |
| **As at March 31, 2022** | **-** | **56.23** | **56.23** |
| **As at March 31, 2023** | **-** | **69.90** | **69.90** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | Website Development Cost | Software (Refer Footnote) | Total |
|---|---|---|---|
| **Cost** | | | |
| At April 1, 2021 | **4.38** | **515.10** | **519.48** |
| Additions | - | 15.06 | **15.06** |
| Disposals | - | 0.56 | **0.56** |
| **As at March 31, 2022** | **4.38** | **529.60** | **533.98** |
| **Amortisation** | | | |
| At April 1, 2021 | **4.38** | **434.75** | **439.13** |
| Charge for the year | - | 39.18 | **39.18** |
| Disposals / Adjustments | - | 0.56 | **0.56** |
| **As at March 31, 2022** | **4.38** | **473.37** | **477.75** |
| **Net Block** | | | |
| **As at March 31, 2021** | **-** | **80.35** | **80.35** |
| **As at March 31, 2022** | **-** | **56.23** | **56.23** |

**Footnote :**

Software includes Customer Reservation System and other licensed software.

## Note 5 (a) : Non-Current Investments

₹ in lakhs

| | | Face Value | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Holdings As at | Value | Holdings As at | Value |
| **Fully Paid Unquoted Equity Instruments** | | | | | | |
| **Investments in Subsidiary Companies (At cost)** | | | | | | |
| Piem International (H. K.) Limited (Wholly Owned) | $ | 10 | 8,00,000 | 2,825.34 | 8,00,000 | 2,825.34 |
| Northern India Hotels Limited | ₹ | 10 | 4,12,083 | 627.35 | 4,12,083 | 627.35 |
| | | | | **3,452.69** | | **3,452.69** |
| **Investments in Associates (At cost)** | | | | | | |
| Taida Trading and Industries Limited* | ₹ | 100 | 34,400 | 34.42 | 34,400 | 34.42 |
| TAL Hotels and Resorts Limited | $ | 1 | 2,80,108 | 132.69 | 2,80,108 | 132.69 |
| Taj Karnataka Hotels and Resorts Ltd. | ₹ | 10 | 3,00,000 | 30.00 | 3,00,000 | 30.00 |
| Inditravel Limited | ₹ | 10 | 1,89,002 | 18.91 | 1,89,002 | 18.91 |
| Taj Trade and Transport Company Limited | ₹ | 10 | 8,86,500 | 140.38 | 8,86,500 | 140.38 |
| | | | | **356.40** | | **356.40** |
| **Investment in Other Companies (Refer footnote)** | | | | | | |
| Damania Airways Ltd. * | ₹ | 10 | 500 | 0.15 | 500 | 0.15 |
| Smile and Care Products Pvt. Ltd.* | ₹ | 10 | 49,800 | 4.98 | 49,800 | 4.98 |
| MPOWER Information Systems Pvt Ltd.* | ₹ | 10 | 30,000 | 3.00 | 30,000 | 3.00 |
| | | | | **8.13** | | **8.13** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| | | Face Value | March 31, 2023 Holdings As at | March 31, 2023 Value | March 31, 2022 Holdings As at | March 31, 2022 Value |
|---|---|---|---|---|---|---|
| **Fully Paid quoted Equity Instruments** | | | | | | |
| **Investment in Associates (At cost)** | | | | | | |
| Beneras Hotels Limited | ₹ | 10 | 54,063 | 5.41 | 54,063 | 5.41 |
| Oriental Hotels Company Limited | ₹ | 1 | 36,57,170 | 596.81 | 36,57,170 | 596.81 |
| | | | | **602.22** | | **602.22** |
| **Investment in Other Companies (Fair Value Through OCI)** | | | | | | |
| Tulip Star Hotels Limited (Refer Foot Note V) | ₹ | 10 | 35,800 | - | 35,800 | - |
| Titan Company Limited | ₹ | 1 | 4,00,000 | 10,060.40 | 4,00,000 | 10,144.60 |
| | | | | **10,060.40** | | **10,144.60** |
| **Total Non-current Investments - Gross** | | | | 14,479.84 | | 14,564.04 |
| Less : Provision for Diminution in value of Investments | | | | 42.55 | | 42.55 |
| **Total Non-current Investments - Net** | | | | **14,437.29** | | **14,521.49** |
| **Footnotes :** | | | | | | |
| (i) Aggregate amount of Quoted Investments | | | : Carrying Value | 10,662.62 | : Carrying Value | **10,746.82** |
| | | | : Market Value | 14,737.84 | : Market Value | **13,564.28** |
| (ii) Aggregate amount of Unquoted Investments | | | : Cost | 3,817.22 | : Cost | **3,817.22** |
| (iii) Aggregate amount of impairment in value of investments | | | | 42.55 | | **42.55** |

(iv) During the previous year, 65,35,948 shares of Roots Corporation Limited have been sold.

(v) As trading suspended since 22nd March, 2021 of Tulip Star Hotels Limited in BSE Stock Exchange, the Company has considered Fair Value as Nil and entire carrying amount recognised as fair value loss for the year.

*Provision for diminution is created for these investments.

## Note 5 (a) : Current Investments

₹ in lakhs

| | March 31, 2023 Units | March 31, 2023 Amount | March 31, 2022 Units | March 31, 2022 Amount |
|---|---|---|---|---|
| **Investments in Mutual Fund Units (Quoted )** | | | | |
| Tata Money Market Fund Regular Plan - Growth | - | - | 15,037.32 | 501.20 |
| Tata Overnight Fund Regular Plan - Growth | 95,810.66 | 1,128.20 | - | - |
| Axis Overnight Fund - Regular Growth | 2,13,301.34 | 3,225.29 | - | - |
| **Total Current Investments** | | **4,353.49** | | **501.20** |
| Footnotes : | | | | |
| (i) Aggregate amount of Investments | : Cost | 4,312.16 | : Cost | 500.00 |
| | : NAV | 4,353.49 | : NAV | 501.20 |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 5 (b) : Other Financial Assets

₹ in lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| A) | **Non Current** | | |
| | **Deposits with Public Bodies and Others at amortised cost** | | |
| | Public Bodies and Others | 366.42 | 308.63 |
| | | **366.42** | **308.63** |
| | Advance to Employees | 26.44 | 17.84 |
| | Deposits with Bank | 25.54 | 93.91 |
| | | **418.40** | **420.38** |
| B) | **Current** | | |
| | **Loans and Advances** | | |
| | (Unsecured, considered good unless stated otherwise) | | |
| | Others | 12.62 | 11.00 |
| | | **12.62** | **11.00** |
| | **Deposit with public bodies and others** | 67.45 | 59.64 |
| | **Other advances** | | |
| | Considered good | 432.93 | 249.82 |
| | Considered doubtful | 4.87 | 4.87 |
| | | **437.80** | **254.69** |
| | Less: Provision for Advances doubtful of recovery | 4.87 | 4.87 |
| | | **432.93** | **249.82** |
| | **Interest receivable** | | |
| | Others | 106.75 | 72.37 |
| | | **106.75** | **72.37** |
| | **On Current Account dues :** | | |
| | Related Parties | 284.44 | 160.79 |
| | Others | 70.80 | 26.16 |
| | | **355.24** | **186.95** |
| | | **974.99** | **579.78** |

## Note 5 (c). Trade receivables

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Considered good | 2,433.86 | 1,159.01 |
| Credit impaired | 94.39 | 152.33 |
| | **2,528.25** | **1,311.34** |
| Less : Provision for Trade Receivables credit impaired (Refer footnote) | 94.39 | 152.33 |
| | **94.39** | **152.33** |
| | **2,433.86** | **1,159.01** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

**Footnote:**

### i) Provision for Trade Receivables credit impaired

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening Balance** | 152.33 | 179.00 |
| Add : Provision during the year | 41.20 | 18.22 |
| | **193.53** | **197.22** |
| Less : Bad debts written off against past provisions | 79.10 | - |
| Less : Reversal of provision no longer required | 20.04 | 44.89 |
| **Closing Balance** | **94.39** | **152.33** |

ii) For impairment of trade receivables and significant increase in credit risk refer note 22

iii) Trade Receivables Ageing Schedule

### March 31, 2023

₹ in lakhs

| Particulars | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 187.25 | 1,997.50 | 247.86 | 1.08 | 0.17 | - | 2,433.86 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 27.58 | 6.59 | 48.59 | 82.76 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | 5.95 | 0.75 | 0.20 | 6.90 |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | 4.73 | 4.73 |
| **Total** | **187.25** | **1,997.50** | **247.86** | **34.61** | **7.51** | **53.52** | **2,528.25** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## March 31, 2022

₹ in lakhs

| Particulars | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 242.92 | 870.51 | 43.16 | 2.42 | - | - | 1,159.01 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 18.45 | 18.43 | 99.73 | 136.61 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | 10.48 | 5.24 | 15.72 |
| **Total** | 242.92 | 870.51 | 43.16 | 20.87 | 28.91 | 104.97 | 1,311.34 |

## Note 5 (d). Cash and bank balances

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 32.07 | 40.54 |
| Cheques, Drafts on hands | 9.77 | - |
| Balances with bank in current account | 436.87 | 511.64 |
| Balances with bank in call and short-term deposit accounts | 1,096.10 | - |
| | **1,574.81** | **552.18** |

## Note 5 (d) : Bank Balances Other than Cash and Cash Equivalents

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Call and Short-term deposit accounts | 8.57 | - |
| Unclaimed Dividend Account | 0.72 | - |
| Margin money deposits | 37.59 | 583.52 |
| Earmarked balances | 51.46 | 48.75 |
| | **98.34** | **632.27** |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/ Margin Money/ Pledged deposits classified as Non-Current (Note 5(b)) | 25.54 | 93.91 |
| | **72.80** | **538.36** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 6 : Other Current assets

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Prepaid Expenses | 501.31 | 381.96 |
| Indirect tax recoverable | 5.56 | 2.71 |
| Advance to Suppliers | 351.28 | 324.28 |
| Advance to Employees | 9.74 | 34.00 |
| Balance with Statutory Authorities | 1,043.30 | 606.23 |
| Export Incentive Scrips | 174.35 | 445.34 |
| | **2,085.54** | **1,794.52** |

## Note 7 : Other non current assets

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Capital Advances | 173.88 | 69.28 |
| Prepaid Expenses | 36.40 | 30.73 |
| Deposits for tax and other statutory dues | 384.10 | 346.07 |
| Export Incentive Receivable | 422.83 | 155.24 |
| | **1,017.21** | **601.32** |

## Note 8 : Inventories (At lower of cost and net realisable value)

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and Beverages | 868.00 | 616.03 |
| Stores and Operating Supplies | 311.65 | 285.06 |
| | **1,179.65** | **901.09** |

## Note 9 (a). Share Capital

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| Ordinary Shares | | |
| 4,750,000 (Previous year - 4,750,000) Equity Shares of Re. 10/- each | 475.00 | 475.00 |
| | **475.00** | **475.00** |
| **Preference Shares** | | |
| 18,000 (Previous year - 18,000) 9.5% First Redeemable Cumulative Preference Shares of ₹ 100/- each | 18.00 | 18.00 |
| | **18.00** | **18.00** |
| **Preference Shares** | | |
| 7,000 (Previous year - 7,000) 3% First Redeemable Cumulative Preference Share of ₹ 100/- each | 7.00 | 7.00 |
| | **7.00** | **7.00** |
| | **500.00** | **500.00** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Issued Share Capital** | | |
| 3,810,000 (Previous Year - 3,810,000) Equity Shares of Re. 10/- each | 381.00 | 381.00 |
| | **381.00** | **381.00** |
| **Subscribed and Paid Up** | | |
| 3,810,000 (Previous Year - 3,810,000) Equity Shares of Re. 10/- each | 381.00 | 381.00 |
| (Refer Footnote (v)) | **381.00** | **381.00** |

Footnotes :

(i) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) During the year ended March 31, 2023, Interim dividend at the rate of ₹ 40/- per share amounting to ₹ 1,524/- lakhs paid to equity shareholders. (PY ₹ 13.30 per share paid as Interim Dividend amounting to ₹ 506.73 lakhs)

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ lakhs | No. of shares | ₹ lakhs |
| As at the beginning of the year | 38,10,000 | 381.00 | 38,10,000 | 381.00 |
| Add : Shares issued during the year | - | - | - | - |
| As at the end of the year | **38,10,000** | **381.00** | **38,10,000** | **381.00** |

(iv) Share held by Holding Company and Subsidiary of Holding Company

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| Holding Company | | | | |
| The Indian Hotels Company Limited (IHCL) | 19,64,770 | 52% | 19,64,770 | 52% |

(v) Details of share held by other shareholders holding more than 5% the aggregate shares in the Company

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| **Equity shares of ₹10 each fully paid** | | | | |
| Mr. Rajesh R. Nagpal | 4,99,429 | 13% | 4,99,429 | 13% |
| Mr. Sudhir L. Nagpal | 5,09,757 | 13% | 5,09,757 | 13% |
| New Vernon Private Limited | 2,59,000 | 7% | 2,59,000 | 7% |
| Mr. Rajkumar M. Nagpal | 2,46,088 | 6% | 2,46,088 | 6% |
| Mrs. Subhadra R. Nagpal | 1,99,418 | 5% | 1,99,418 | 5% |

(vi) Aggregate number of shares allotted as fully paid pursuant to contracts without payment being received in cash, bonus shares and shares bought back for period of 5 years immediately preceeding Balance sheet date NIL (previous year NIL)

(vii) Details of share held by Promoters in the Company

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | March 31, 2023 | | March 31, 2022 | | Change in % of Holding |
|---|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding | |
| The Indian Hotels Company Limited (IHCL) | 19,64,770 | 51.6% | 19,64,770 | 51.6% | - |
| Mr. Rajesh R. Nagpal | 4,99,429 | 13.1% | 4,99,429 | 13.1% | - |
| Mr. Rajkumar M. Nagpal | 2,46,088 | 6.5% | 2,46,088 | 6.5% | - |
| Mrs. Subhadra R. Nagpal | 1,99,418 | 5.2% | 1,99,418 | 5.2% | - |
| Ninotchka Malkani Nagpal | 40,487 | 1.1% | 40,487 | 1.1% | - |
| Ms Sansara R. Nagpal | 7,101 | 0.2% | 7,101 | 0.2% | - |
| Mr. Sudhir L. Nagpal | 5,09,757 | 13.4% | 5,09,757 | 13.4% | - |
| Ms. Shammi Nagpal | 1,550 | 0.0% | 1,550 | 0.0% | - |

| | March 31, 2022 | | March 31, 2021 | | Change in % of Holding |
|---|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding | |
| The Indian Hotels Company Limited (IHCL) | 19,64,770 | 51.6% | 19,64,770 | 51.6% | - |
| Mr. Rajesh R. Nagpal | 4,99,429 | 13.1% | 4,99,429 | 13.1% | - |
| Mr. Rajkumar M. Nagpal | 2,46,088 | 6.5% | 2,46,088 | 6.5% | - |
| Mrs. Subhadra R. Nagpal | 1,99,418 | 5.2% | 1,99,418 | 5.2% | - |
| Master Aryaman R. Nagpal | - | - | 26,166 | 0.7% | -100.00 |
| Ninotchka Malkani Nagpal | 40,487 | 1.1% | 14,321 | 0.4% | 182.71 |
| Ms Sansara R. Nagpal | 7,101 | 0.2% | 7,101 | 0.2% | - |
| Mr. Sudhir L. Nagpal | 5,09,757 | 13.4% | 5,09,757 | 13.4% | - |
| Ms. Shammi Nagpal | 1,550 | 0.0% | 1,550 | 0.0% | - |

## Note 9 (b). Other Equity

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reserves & Surplus** | | |
| **Capital Reserve** | | |
| Opening and Closing Balance | 375.61 | 375.61 |
| **Capital Redemption Reserve** | | |
| Opening and Closing Balance | 77.00 | 77.00 |
| **Securities Premium** | | |
| Opening and Closing Balance | 2,011.00 | 2,011.00 |
| **General Reserve** | | |
| Opening and Closing Balance | 12,834.04 | 12,834.04 |
| **Retained Earnings** | | |
| Opening Balance | 35,589.36 | 36,376.95 |
| Add: Current Year profits/ (Loss) | 6,115.02 | (264.26) |
| Less : Appropriations | | |
| Final Dividend | - | - |
| Tax on Final Dividend | - | - |

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interim Dividend | (1,524.00) | (506.73) |
| Add: Remeasurement of post employment benefit obligation (net of taxes) | (50.90) | (16.60) |
| **Closing retained earning** | **40,129.48** | **35,589.36** |
| **Reserves and Surplus** | **55,427.13** | **50,887.01** |
| **Other Comprehensive Income** | | |
| **OCI - Equity Instruments (Not reclassified to P&L)** | | |
| Opening Balance | 9,331.66 | 5,886.46 |
| Add: Change in fair value of equity instruments designated irrevocably as FVTOCI (Net of Taxes) | (74.39) | 3,445.20 |
| **Closing Balance** | **9,257.27** | **9,331.66** |
| **Total** | **64,684.40** | **60,218.67** |

**Footnote :**

**(a) Description of nature and purpose of each reserve**

a) **Capital Reserve:** Capital reserve mainly consists of excess of assets acquired over purchase consideration in case of purchase of hotels in the past.

b) Capital Redemption Reserve: Capital Redemption Reserve was created on redemption of Preference shares in earlier years.

c) **Securities Premium:** Securities premium represents the premium charged to the shareholders at the time of issuance of equity shares. The securities premium can be utilised based on the relevant requirements of the Companies Act, 2013.

d) **General Reserve:** General reserve was created from time to time by way of transfer of profits from retained earnings for appropriation purposes based on the provisions of the Companies Act prior to its amendment.

e) **Equity Instruments through Other Comprehensive Income:** This represents the cumulative gains and losses arising on the revaluation of investments in equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such investments are disposed off.

## Note 10 (a) : Other financial liabilities

₹ in lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **A)** | **Non Current financial liabilities** | | |
| | **Deposits from others** | | |
| | Unsecured | 17.59 | 25.22 |
| | | **17.59** | **25.22** |
| **B)** | **Current financial liabilities** | | |
| | **Payables on Current Account dues:** | | |
| | Related Parties | 0.01 | 0.12 |
| | Others | 21.71 | 34.49 |
| | | **21.72** | **34.61** |
| | **Deposits from others** | | |
| | Unsecured | 112.61 | 102.59 |
| | | **112.61** | **102.59** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest accrued but not due on borrowings at amortised costs | - | 9.86 |
| Creditors for capital expenditure | 251.31 | 763.45 |
| Unclaimed dividend | 0.72 | - |
| Employee related liabilities | 1,115.74 | 1,214.17 |
| Others | 15.44 | 37.34 |
| | **1,517.54** | **2,162.02** |

**Footnote :**

There are no amounts due to be transferred to Investor Education and Protection Fund during the current year as well as previous year.

## Note 10 (b): Trade Payables

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Trade Payables** | | |
| Micro and Small Enterprises ( Refer Footnote (i) and (ii)) | 337.85 | 333.30 |
| | **337.85** | **333.30** |
| **Other than Micro and Small Enterprises** | | |
| Vendor Payables | 3,624.05 | 2,408.98 |
| Accrued expenses and others | 1,366.34 | 1,473.90 |
| | **4,990.39** | **3,882.88** |

**Footnotes :**

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) For the disclosures relating to Micro and Small Enterprises refer Note 26

(iii) For related party balances refer Note 32.

(iv) Trade Payable ageing summary

**March 31, 2023**

₹ in lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not Due | Less than 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | - | 337.69 | 0.27 | - | (0.11) | **337.85** |
| (ii) Others | 1,335.44 | 2,116.81 | 1427.03 | 54.18 | 26.53 | 30.40 | **4,990.39** |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | **-** |
| (iv) Disputed dues - Others | - | - | - | - | - | - | **-** |
| | 1335.44 | 2116.81 | 1764.72 | 54.45 | 26.53 | 30.29 | **5328.24** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### March 31, 2022

₹ in lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not Due | Less than 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | 0.01 | 333.29 | - | - | - | **333.30** |
| (ii) Others | 1473.90 | 36.12 | 2269.59 | 43.77 | 47.05 | 12.45 | **3,882.88** |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | **-** |
| (iv) Disputed dues - Others | - | - | - | - | - | - | **-** |
| | 1473.90 | 36.13 | 2602.88 | 43.77 | 47.05 | 12.45 | **4216.18** |

## Note 10 (c) : Financial Liabilities

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Long term borrowings** | | |
| **Others** | | |
| Long term maturities of finance lease obligations | 7,715.36 | 7,492.36 |
| | **7,715.36** | **7,492.36** |
| **B) Current borrowings** | | |
| Borrowings from Related Parties | - | 2,509.86 |
| Less : Interest accrued (included in note10 (a)) | - | 9.86 |
| **Total Short term borrowings** | **-** | **2,500.00** |
| **Total Borrowings** | **-** | **2,500.00** |

### Footnote:

(i) Pursuant to amendment to Schedule III Division II of The Companies Act, 2013, current maturity of Long Term Borrowings has been reclassified from Other financial current liabilities to current borrowings in previous year column.

## Note 10(c): Net Debt Reconciliation

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 1,574.81 | 552.18 |
| Liquid investments | 4,353.49 | 501.20 |
| Current borrowings including interest | - | (2,500.00) |
| Non-current borrowings (Including current maturity shown under Other Current Financial Liabilities) | - | - |
| **Net (debt) / Cash & Cash Equivalents** | **5,928.30** | **(1,446.62)** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| | Other Assets | | Liabilities from financing activities | | |
|---|---|---|---|---|---|
| | Cash and cash equivalents | Liquid Investments | Non-current borrowings | Current borrowings | Total |
| **Net (debt) / Cash & Cash Equivalents as at 1 April 2021** | 32.78 | - | (3,600.00) | (4,064.43) | (7,631.65) |
| Cash Flows (Net) | 519.40 | (2,010.32) | - | 1,500.00 | 9.08 |
| Secured - Bank Borrowings | | | 3,600.00 | | 3,600.00 |
| Unsecured - Bank Borrowings | | | | 64.43 | 64.43 |
| Interest expense | - | - | (293.35) | (407.65) | (701.00) |
| Interest paid | - | - | 293.35 | 407.65 | 701.00 |
| -Fair value adjustments | - | 2,511.52 | - | - | 2,511.52 |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2022** | **552.18** | **501.20** | **-** | **(2,500.00)** | **(1,446.62)** |
| Cash Flows (Net) | 1,022.63 | 3,750.00 | | 2,500.00 | 7,272.63 |
| Secured - Bank Borrowings | - | - | - | - | - |
| Unsecured - Bank Borrowings | | | | - | - |
| Interest expense | - | - | - | (98.42) | (98.42) |
| Interest paid | - | - | - | 98.42 | 98.42 |
| -Fair value adjustments | - | 102.29 | - | - | 102.29 |
| **(Net debt) / Cash & Cash Equivalents as at March 31, 2023** | **1,574.81** | **4,353.49** | **-** | **-** | **5,928.30** |

## Note 11 : Provisions

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Long term provisions** | | |
| Employee Benefit Obligation (Non-current) | | |
| Leave obligations | 534.26 | 542.19 |
| | **534.26** | **542.19** |
| **B) Short term provisions** | | |
| Employee Benefit Obligation (Current) | | |
| Leave obligations | 105.75 | 103.90 |
| Gratuity (refer note 29) | 228.28 | 134.55 |
| | **334.03** | **238.45** |
| Provision for Contingencies (Refer Note 31) | 824.47 | 1,062.47 |
| | **824.47** | **1,062.47** |
| **Total Short term provisions** | **1,158.50** | **1,300.92** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 12 : Deferred Tax (Assets) / Liabilities (Net)

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| Property. Plant and equipment & Intangible Assets | 3,084.25 | 2,855.77 |
| Long Term Capital Gain - FVTOCI | 766.93 | 776.73 |
| Others | 19.52 | 18.65 |
| **Total (A)** | **3,870.70** | **3,651.15** |
| **Deferred Tax Assets:** | | |
| Deferred Tax Assets on Unabsorbed Losses | 2,751.96 | 4,717.65 |
| Deferred Tax Asset-MAT credit entitlement | 3,452.67 | 2,021.86 |
| Provision for Compensated Absences | 186.37 | 179.74 |
| Liabilities / Provisions that are deducted for tax purposes when paid | 219.08 | 233.68 |
| Allowance for Doubtful Debts/ Advances | 29.75 | 43.93 |
| Provision for Contingencies - Others | 10.81 | 10.32 |
| Right-of-Use Assets (net of Lease Liabilities) | 584.08 | 568.87 |
| **Total (B)** | **7,234.72** | **7,776.05** |
| **Net Deferred Tax (Assets) / Liabilities (A-B)** | **(3,364.02)** | **(4,124.90)** |

### Footnote:

Refer note 20 for detailed disclosures

## Note 13 : Other non financial Liabilities

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Current** | | |
| Income received in advance | 17.19 | 14.69 |
| Advances collected from customers and others | 772.58 | 675.10 |
| Statutory dues | 1,175.32 | 771.48 |
| | **1,965.09** | **1,461.27** |

## Note 14 : Revenue from Operations

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Room Income, Food, Restaurants and Banquet Income | 47,766.27 | 25,101.10 |
| Membership fees | 43.99 | 4.89 |
| Others | 1,892.32 | 1,101.70 |
| **Total Revenue** | **49,702.58** | **26,207.69** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 15 : Other Income

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks | 51.47 | 46.81 |
| Others | 4.27 | 5.07 |
| **Sub Total** | **55.74** | **51.88** |
| Interest on Income Tax Refunds | 50.17 | 0.18 |
| **Total** | **105.91** | **52.06** |
| **Dividend Income from non-current investments** | | |
| From related parties | 35.41 | 16.00 |
| **Profit on sale of assets (Net)** | 1.93 | 28.79 |
| **Profit on sale of Investments (Net) (FVTPL)** | 62.42 | 10.23 |
| Gain on termination of Ind AS 116 Lease / waiver of lease rent | - | 100.83 |
| Others | 507.82 | 211.21 |
| **Total** | **713.49** | **419.12** |

## Note 16 : Food and Beverages Consumed

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Stock | 616.03 | 531.86 |
| Add : Purchases | 6,217.74 | 3,613.81 |
| | **6,833.77** | **4,145.67** |
| Less : Closing Stock | 868.00 | 616.03 |
| Food and Beverages Consumed | **5,965.77** | **3,529.64** |

## Note 17 : Employee Benefit Expenses and Payment to Contractors

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 6,479.03 | 5,861.95 |
| Company's Contribution to Provident and Other Funds (refer note 29) | 469.86 | 406.00 |
| Reimbursement of Expenses on Personnel Deputed to the Company | 1,502.71 | 1,743.85 |
| Payment to Contractors | 810.23 | 541.77 |
| Staff Welfare Expenses | 1,292.47 | 908.61 |
| **Total** | **10,554.30** | **9,462.18** |

## Note 18 : Finance costs

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Expense at effective interest rate on borrowings | 98.42 | 701.00 |
| | **98.42** | **701.00** |
| On Tax Demands | 0.04 | 0.02 |
| Interest cost on Lease Liabilities | 757.92 | 737.05 |
| **Total** | **856.38** | **1,438.07** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 19 : Other Operating and General Expenses

₹ in lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Operating expenses consist of the following :** | | |
| | Linen and Room Supplies | 724.44 | 433.92 |
| | Catering Supplies | 557.58 | 350.37 |
| | Other Supplies | 121.52 | 87.23 |
| | Fuel, Power and Light | 3,552.60 | 2,681.73 |
| | Repairs to Buildings | 691.05 | 377.25 |
| | Repairs to Machinery | 1,020.08 | 735.38 |
| | Repairs to Others | 172.29 | 114.11 |
| | Linen and Uniform Washing and Laundry Expenses | 444.41 | 342.59 |
| | Payment to Orchestra Staff, Artistes and Others | 596.28 | 388.41 |
| | Guest Transportation | 394.27 | 192.95 |
| | Travel Agents' Commission | 761.70 | 411.85 |
| | Sales Distribution Expenses | 76.84 | 78.47 |
| | Discount to Collecting Agents | 420.22 | 211.81 |
| | Other Operating Expenses | 1,442.10 | 522.75 |
| | **Sub Total** | **10,975.38** | **6,928.82** |
| **(ii)** | **General expenses consist of the following :** | | |
| | Rent | 293.77 | 220.20 |
| | Licence Fees | 1,601.48 | 757.14 |
| | Rates and Taxes | 930.03 | 781.29 |
| | Insurance | 212.22 | 205.72 |
| | Advertising and Publicity | 1,732.24 | 1,003.58 |
| | Printing and Stationery | 154.23 | 117.41 |
| | Passage and Travelling | 79.48 | 59.24 |
| | Provision for Doubtful Debts and Bad debts written off | 23.37 | (26.67) |
| | Management Fees | 2,491.12 | 1,381.27 |
| | Reservation and Information system | 467.99 | 243.38 |
| | Brand Common Cost | 466.69 | 243.38 |
| | Professional fees | 312.94 | 210.38 |
| | Outsourced Support Services | 248.93 | 284.71 |
| | Exchange Loss (Net) | - | 0.03 |
| | Loss on Sale / Scrapping of Fixed Assets (Net) | 53.61 | 130.11 |
| | Payment made to Statutory Auditors | | |
| | i. As Auditors | 31.00 | 49.45 |
| | ii. As Tax Auditors | 6.00 | 6.90 |
| | iii. For Other Services | 13.00 | 6.55 |
| | iv. For Reimbursement of expenses | 4.56 | 0.79 |
| | Directors Sitting Fees and Commission | 110.71 | 10.80 |
| | Other Expenses | 684.90 | 681.73 |
| | **Sub Total** | **9,918.27** | **6,367.39** |
| | **Total** | **20,893.65** | **13,296.21** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 20 : Income tax expense

### a) Income tax expense

₹ in lakhs

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| Current Tax on profits for the year | 1,430.81 | - |
| | **1,430.81** | **-** |
| **Deferred Tax** | | |
| Minimum Alternate Tax Credit | (1,430.81) | - |
| In respect of the current year | 2,222.83 | (1,408.75) |
| **Total deferred tax expense/(benefit)** | **792.02** | **(1,408.75)** |
| **Income tax expense** | **2,222.83** | **(1,408.75)** |

### (b) Reconciliation of Income tax provisions to the amount computed by applying statutory income tax rate to the Profit befote tax is summarised below; the accounting profit multiplied by India's tax rate

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit before tax from continuing operations (a) | 8,337.85 | (1,673.01) |
| Income tax rate as applicable (b) | 29.12% | 27.82% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 2,427.98 | (465.43) |
| Permanent tax differences due to: | | |
| Income considered as capital in nature under tax and tax provisions | (18.18) | (978.25) |
| Effect of expenses that are not deductible in determining taxable profit | (33.61) | 48.13 |
| Effect on deferred tax balances due to the change in income tax rate | (108.39) | - |
| Income subject to lower rate of income tax | (1.92) | - |
| Others | (43.05) | (13.20) |
| **Income tax expense recognised in profit or loss (relating to continuing operations)** | **2,222.83** | **(1,408.75)** |

### (c) Income tax recognised in other comprehensive income:

₹ in lakhs

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **Current Tax** | | |
| | Tax impact on profit on sale of investment in equity shares at fair value through Other Comprehensive Income | - | - |
| | **Deferred tax** | | |
| (a) | Arising on income and expenses recognised in other comprehensive income: | | |
| | Net fair value gain on investments in equity shares at fair value through Other Comprehensive Income | (9.81) | 456.02 |
| | Remeasurement of defined benefit obligation | (21.32) | (6.40) |
| | | **(31.13)** | **449.62** |
| (b) | Arising on income and expenses reclassified from equity to profit or loss: | | |
| | Relating to financial assets measured at fair value through other comprehensive income | - | - |
| | **Total income tax recognised in other comprehensive income** | **(31.13)** | **449.62** |
| (c) | Bifurcation of the income tax recognised in other comprehensive income into: | | |
| | Items that will not be reclassified to profit or loss | (31.13) | 449.62 |
| | | **(31.13)** | **449.62** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

(d) Following is the analysis of Deferred tax Assets / (Liabilities) presented in the Balance sheet

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred Tax assets | 7,234.72 | 7,776.05 |
| Deferred Tax liabilities | (3,870.70) | (3,651.15) |
| **Net Deferred tax Assets** | **3,364.02** | **4,124.90** |

## Significant components of Net Deferred Tax Assets and Liabilities

### March 31, 2023

₹ in lakhs

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Amalgamation/Other Adjustment | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax liabilities/ assets in relation to:** | | | | | |
| Property. Plant and equipment & Intangible Assets | (2,855.77) | (228.48) | - | - | (3,084.25) |
| Right of use assets net of lease liabilities | 568.87 | 15.20 | - | 0.00 | 584.08 |
| Unrealised gain on equity shares carried at fair value through OCI | (776.73) | - | 9.81 | - | (766.93) |
| Provision for Employee Benefits | 179.74 | (14.69) | 21.33 | - | 186.37 |
| Unused tax losses (Business loss & unabsorbed depreciation) | 4,717.65 | (1,965.68) | - | (0.00) | 2,751.96 |
| MAT Credit Entitlement | 2,021.85 | 1,430.81 | - | - | 3,452.66 |
| Provision for Doubtful Debts | 43.93 | (14.18) | - | - | 29.75 |
| Others (decribe) | 225.36 | (14.99) | - | - | 210.37 |
| **Net Deferred Tax Assets** | **4,124.90** | **(792.01)** | **31.13** | **-** | **3,364.02** |

## Signficant components of Net Deferred Tax Assets and Liabilities

### March 31, 2022

₹ in lakhs

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Amalgamation/Other Adjustment | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax liabilities/ assets in relation to:** | | | | | |
| Property. Plant and equipment & Intangible Assets | (2,721.15) | (134.62) | - | - | (2,855.77) |
| Right of use assets net of lease liabilities | 667.13 | 63.45 | - | (161.71) | 568.87 |
| Unrealised gain on equity shares carried at fair value through OCI | (320.72) | - | (456.02) | - | (776.73) |
| Provision for Employee Benefits | 175.29 | (1.94) | 6.40 | - | 179.74 |
| Unused tax losses (Business loss & unabsorbed depreciation) | 2,966.64 | 1,589.30 | - | 161.71 | 4,717.65 |
| MAT Credit Entitlement | 2,021.85 | - | - | - | 2,021.85 |
| Provision for Doubtful Debts | 51.35 | (7.42) | - | - | 43.93 |
| Others (decribe) | 325.38 | (100.02) | 0.00 | - | 225.36 |
| **Net Deferred Tax Assets** | **3,165.77** | **1,408.75** | **(449.62)** | **-** | **4,124.90** |

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

A deferred tax asset of ₹ (1,965.68) lakhs has been recognised by the Company for the profits in the current year.

The recoverability of the deferred tax assets has been assessed based on:

1. Internal budgets, profit forecasts prepared by management, after duly considering the potential impact of COVID-19 in the future business of the Company.
2. Applying tax principles to those forecasts; and
3. Following the methodology required by Ind AS 12 - Income Taxes.

Based on the assessments as above, the management determines that ₹ 2,751.96 lakhs deferred tax assets on unused tax losses of ₹ 9,450.42 lakhs (comprising carried forward unabsorbed depreciation tax loss of ₹ 9,450.42 lakhs), should reverse well within the statutory time limit. Under tax law, unabsorbed depreciation tax losses do not expire, and business losses expires in 8 years. These losses can be fully set-off against future taxable profits, and accordingly based on the reasonable certainty that sufficient future taxable income would be generated considering the size of the Company, its growth trajectory and past performance history during normal times, appropriate amount of deferred tax asset has been created during the year. The management will continue to monitor and review these assets based on the profit forecasts in future.

## 21. Financial Instruments

### Fair value hierarchy pertaining to financial instruments measured at fair value on recurring basis

₹ in lakhs

| As of March 31, 2023: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Equity shares | 10,060.40 | - | - | 10.060.40 |
| Liquid Funds | 4,353.49 | - | - | 4,353.49 |
| **Total** | **14,413.89** | **-** | **-** | **14,413.89** |

₹ in lakhs

| As of March 31, 2022: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Equity shares | 10,144.60 | - | - | 10,144.60 |
| Liquid Funds | 501.20 | - | - | 501.20 |
| **Total** | **10,645.80** | **-** | **-** | **10,645.80** |

### Footnotes:

(i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, short term loans, deposits etc. because their carrying amounts are a reasonable approximation of fair value.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

The carrying value of financial instruments by categories is as follows:

**As on March 31, 2023**

₹ in lakhs

| Particulars | FVTPL | FVTOCI | Amortised cost | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Equity Investment in External Companies | - | 10,060.40 | - | 10,060.40 |
| Overnight Funds | 4,353.49 | - | - | 4,353.49 |
| Trade Receivables | - | - | 2,433.86 | 2,433.86 |
| Cash and cash equivalents | - | - | 1,574.81 | 1,574.81 |
| Bank Balances other than cash & cash equivalents | - | - | 72.80 | 72.80 |
| Other financial assets | - | - | 1,393.39 | 1,393.39 |
| **Total - Financial Assets** | **4,353.49** | **10,060.40** | **5,474.86** | **19,888.75** |
| **Financial liabilities:** | | | | |
| Lease Liabilities | - | - | 7,731.23 | 7,731.23 |
| Borrowings | - | - | - | - |
| Trade Payables including capital creditors | - | - | 5,579.54 | 5,579.54 |
| Deposits | - | - | 130.21 | 130.21 |
| Other financial liabilities | - | - | 1,153.61 | 1,153.61 |
| **Total - Financial Liabilities** | **-** | **-** | **14,594.59** | **14,594.59** |

**As on March 31, 2022**

₹ in lakhs

| Particulars | FVTPL | FVTOCI | Amortised cost | Total |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Equity Investment in External Companies | - | 10,144.60 | - | 10,144.60 |
| Debt Funds | 501.20 | - | - | 501.20 |
| Trade Receivables | - | - | 1,159.01 | 1,159.01 |
| Cash and cash equivalents | - | - | 552.18 | 552.18 |
| Bank Balances other than cash & cash equivalents | - | - | 538.36 | 538.36 |
| Other financial assets | - | - | 1,000.16 | 1,000.16 |
| **Total - Financial Assets** | **501.20** | **10,144.60** | **3.249.71** | **13,895.51** |
| **Financial liabilities:** | | | | |
| Lease Liabilities | - | - | 7.507.57 | 7,507.57 |
| Borrowings | - | - | 2,500.00 | 2,500.00 |
| Trade Payables including capital creditors | - | - | 4,937.62 | 4,937.62 |
| Deposits | - | - | 127.81 | 127.81 |
| Other financial liabilities | - | - | 1,295.99 | 1,295.99 |
| **Total - Financial Liabilities** | **-** | **-** | **16,368.99** | **16,368.99** |

Note: The above excludes investments in subsidiaries and associates amounting to ₹ 4,411.31 lakhs (PY ₹ 4,411.31 lakhs).

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

## 22. Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, comprise, lease liabilities, borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by finance team that advises on financial risks and the appropriate financial risk governance framework for the Company. The finance team provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, currency risk is not significant for the Company since the Company has only Indian Rupee Borrowings and receivables & payables are generally denominated in Indian Rupee.

### Interest Rate Risk

The total borrowing at variable rate was ₹ Nil as at March 31, 2023 (Previous year – ₹ 2,500 lakhs). The carrying value of the long term debt approximates fair value since the current interest rate approximates the market rate.

### Price Risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI. If the equity prices of quoted investments are 3% higher/ lower, the Other Comprehensive Income for the year ended March 31, 2023 would increase/ decrease by ₹ 301.81 lakhs (for the year ended March 31, 2022 : increase/ decrease by ₹ 304.34 lakhs).

### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Credit limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## i) Financing Arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Expiring within one year: | | |
| Cash credit and Bank overdraft | 2,000 | 4,100 |
| Expiring beyond one year | - | - |
| **Total** | **2,000** | **4,100** |

The bank overdraft facilities may be drawn at any time by the Company.

The breakup of the borrowings into fixed and floating interest rates is as follows:

₹ in lakhs

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Fixed interest rate | - | 2,500 |
| Floating interest rate | - | - |
| **Total** | **-** | **2,500** |

## ii) Maturities of Financial Liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ in lakhs

| Particulars | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due from 6th year onwards | Total |
|---|---|---|---|---|---|
| **Year ended March 31 ,2023** | | | | | |
| Lease Liabilities | 870.67 | 870.67 | 2,718.49 | 71,890.98 | 76,350.81 |
| Borrowings | - | - | - | - | - |
| Other financial liabilities | 1,517.54 | 17.59 | - | - | 1,535.13 |
| Trade and other payables | 5,328.24 | - | - | - | 5,328.24 |
| | **7,716.45** | **888.26** | **2,718.49** | **71,890.98** | **83,214.18** |
| **Year ended March 31,2022** | | | | | |
| Lease Liabilities | 822.27 | 870.67 | 2,665.25 | 72,814.89 | 77,173.08 |
| Borrowings | 2.500.00 | - | - | - | 2,500.00 |
| Other financial liabilities | 2,162.02 | 25.22 | - | - | 2,187.24 |
| Trade and other payables | 4,216.18 | - | - | - | 4,216.18 |
| | **9,700.47** | **895.89** | **2,665.25** | **72,814.89** | **86,076.50** |

## iii) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and current investments.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 23. Contingent Liabilities

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Contingent liabilities | | |
| **(a) Claims against the Company not acknowledged as debt** | | |
| Minimum amount to be paid to Punjab Urban Development Authority (PUDA) for Amritsar as per Revenue sharing Agreement. (Note) | 400.00 | 400.00 |
| Employee termination/ resignation cases | 2.84 | 2.84 |
| Demand raised by Tahsildar towards evacuation not approved | 94.75 | 94.75 |
| **Total** | **497.59** | **497.59** |
| **(b) Guarantees** | | |
| Guarantee given to PUDA | 1,242.00 | 1,220.00 |
| Guarantee given to Local Authorities | 45.00 | 45.00 |
| Guarantee given for Foreign cars | 7.11 | 7.11 |
| **Total** | **1,272.11** | **1,272.11** |
| **(c) Other money for which the Company is contingently liable** | | |
| Income Tax | 324.22 | 324.22 |
| Luxury Tax | 11.55 | 11.55 |
| Entertainment Tax | 1.11 | 1.11 |
| Sales Tax/VAT | 15.76 | 110.74 |
| Property Tax | 87.65 | 87.65 |
| Service Tax & Excise Duty & GST | 842.84 | 639.88 |
| Customs Duty | - | 139.09 |
| Others (Water & Sewerage Tax) | 88.00 | 88.00 |
| **Total** | **1,371.13** | **1,402.24** |

Note:

The Punjab Urban Development Authority (PUDA) has contested the order passed by the Appellate Authority - Punjab Infrastructure Regulatory Authority (PIRA) granting an extension of one year in the completion date of the Amritsar Project at the High Court. The Company will be liable to pay the concession fee for the aforesaid period in case the above claim is upheld by the High Court.

### Details of amounts paid under protest and accounted under 'Deposits for tax and other statutory dues' & 'Margin Money Deposit'

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Property Tax | 337.08 | 311.14 |
| VAT | 5.46 | 16.96 |
| Service Tax | 7.00 | - |
| Entertainment Tax | 0.10 | 0.10 |
| **Total** | **349.64** | **328.20** |

## 24. Contingent Asset

The Company had instituted a suit against a Bank for recovery of rent amounting to ₹ 19.85 lakhs in the past, as they continued to occupy the area leased to them at a hotel, even after the expiry of the lease agreement. In the current financial year, the matter was settled by the District court in favour of company. The amount of ₹ 43.94 lakhs including interest of ₹ 20.74 lakhs was realized.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 25. Capital Commitments

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| Tangible assets | 400.04 | 151.61 |
| Intangible assets | - | 1.71 |
| **Total** | **400.04** | **153.32** |

## 26. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year* | 337.85 | 333.30 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (v) the amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (vi) the 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 Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

* includes amount recognized under creditor for capital expenditure in current financial liabilities

## 27. Ind AS 116 Related Disclosures

The Company has taken land and immovable properties on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring within forty-six to sixty-one years. On renewal, the terms of the leases are renegotiated.

### Total lease Liabilities are Analysed as follows:

₹ in lakhs

| Denominated in the following currencies: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Indian Rupees | 7,731.23 | 7,507.57 |
| Other Currencies | - | - |
| Current | 15.87 | 15.21 |
| Non-current | 7,715.36 | 7,492.36 |
| **Total** | **7,731.23** | **7,507.57** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### Amounts Recognised in Profit or Loss

The following amounts were recognised as expense in the year:

₹ in lakhs

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Depreciation of right-of-use Assets | 126.11 | 126.11 |
| Expense relating to variable lease payments | 1,601.48 | 757.14 |
| Expense relating to short-term leases and low-value assets | 293.77 | 220.20 |
| Interest on lease liabilities | 757.92 | 737.05 |
| Gain on Lease modifications/waiver of lease rent | - | (100.83) |
| **Total recognised in Statement of Profit & Loss** | **2,779.28** | **1,739.67** |

Variable lease payments are payable under certain of Company's hotel leases and arise where Company is committed to making additional lease payments that are contingent on the performance of the hotels.

### Amounts Recognised in the Cash Flow Statement:

₹ in lakhs

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Minimum lease payments/Fixed rentals | **534.27** | **534.27** |

### Exposure to Future Cash Flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

₹ in lakhs

| Maturity analysis: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Less than 1 year | 870.67 | 822.27 |
| Between 1 and 2 years | 870.67 | 870.67 |
| Between 2 and 5 years | 2,718.49 | 2,665.25 |
| More than 5 years | 71,890.98 | 72,814.89 |
| **Total** | **76,350.81** | **77,173.08** |

In addition, in certain circumstances the Company is committed to making additional lease payments that are contingent on the performance viz. gross operating profits, revenues etc. of the hotels that are being leased for which no lease liability has been recognised as it is contingent in nature.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 28. Lease Rental Income

### Details of Leasing Arrangements

The Company has given on lease certain residential flats to its parent company. These arrangements are in the nature of cancellable lease and are generally renewable by mutual consent or mutual agreeable terms.

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cost | 163.18 | 163.18 |
| Accumulated Depreciation | 42.43 | 37.13 |
| Net Book Value | 120.75 | 126.05 |
| Current Period Depreciation | 5.31 | 18.16 |
| Lease Rent Received | 44.64 | 44.64 |

## 29. Employee Benefits

### (i) Provident Fund

The Company has recognized the following as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of expenses):

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident Fund | 326.50 | 285.21 |
| Superannuation Fund | 3.52 | 3.16 |

The Company operates Provident Fund Scheme through a Trust – 'Taj Residency Employees Provident Fund Trust' ('the Plan'), set up by the Company and for certain categories contributions are made to State Plan. The Plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at March 31, 2023.

(The Company contributed ₹ Nil towards provident fund to the Plan during the year ended March 31, 2023)

In light of the Supreme Court judgement dated February 28, 2019 regarding the definition of wages for calculation of Provident fund contribution, the Company as advised, on a prudent basis, has provided for the liability prospectively from date of judgement.

### (ii) Gratuity Benefits

The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees.

The above defined benefit plan typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | |
|---|---|
| Investment Risk | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to prevailing government security yields. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has a relatively balanced mix of investments in equity, government securities, bonds and other debt instruments. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the Fund. |
| Interest Risk | A decrease in the G-Sec yield will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity Risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary Risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability |

Actuarial Valuation was done in respect of the aforesaid defined benefit plan using the following assumptions:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.45% | 6.80% |
| Salary escalation: - | | |
| Staff | 5.00% | 5.00% |
| Executive | 4.00% | 4.00% |

Note: Mortality has been assumed as per published notes under the Indian Assured Lives Mortality (2012-14) table

### Amount Recognized in the Balance Sheet

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Liability at the end of the year | 2,496.68 | 2,466.35 |
| Fair value of plan assets at the end of the year | 2,268.40 | 2,331.81 |
| **Amount recognized in the Balance Sheet [(asset) / Liability]** | **228.28** | **134.54** |

### Reconciliation of Defined Benefit Obligation:

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Defined Benefit Obligation | 2,466.36 | 2,375.77 |
| Current service cost | 150.99 | 143.85 |
| Past Service Cost | 0.00 | 0.00 |
| Interest cost | 153.92 | 149.10 |
| **Remeasurements due to actuarial loss/ (gain) arising from** | | |
| • Changes in financial assumptions | (114.04) | 0.00 |
| • Changes in demographic assumptions | 0.00 | 0.00 |
| • Experience adjustments | 134.24 | 64.88 |
| Benefits Paid | (294.79) | (267.24) |
| Liabilities assumed/ (settled) | 0.00 | 0.00 |
| **Closing Defined Benefit Obligation** | **2,496.67** | **2,466.36** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### Reconciliation of Plan Assets

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Fair value of Plan Assets at the beginning of the year | 2,331.81 | 2,402.19 |
| Expected Return on Plan Assets | 148.85 | 154.97 |
| Actuarial (loss)/gain on Plan Assets | (52.02) | 41.88 |
| Contribution by Employer | 134.55 | 0.00 |
| Benefits paid | (294.79) | (267.24) |
| Assets acquired / (settled) | 0.00 | 0.00 |
| **Fair value of Plan Assets at the end of the year** | **2268.40** | **2,331.81** |

### Expenses recognized in the Statement of Profit and Loss

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current service cost | 150.99 | 143.85 |
| Past Service Cost | 0.00 | 0.00 |
| Interest cost | 5.07 | (5.88) |
| **Expense/(Reversal) recognized in the Statement of Profit and Loss** | **156.06** | **137.97** |

### Amount recorded in Other Comprehensive Income

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Amount recognised in OCI | (128.24) | (151.24) |
| **Remeasurements in the period due to** | | |
| • Changes in Financial Assumption | (114.04) | 0.00 |
| • Change in Demographic Assumption | 0.00 | 0.00 |
| • Experience Adjustments | 134.24 | 64.88 |
| • Actual Return on Plan assets less interest on Plan Assets | 52.02 | (41.88) |
| **Closing amount recognized in OCI** | **(56.02)** | **(128.24)** |

### Balance Sheet Reconciliation

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening net liability / (asset) | 134.55 | (26.42) |
| Expense/(Reversal) as above | 156.06 | 137.97 |
| Amount recognized outside Profit & loss account | 72.22 | 23.00 |
| Employers contributions | (134.55) | 0.00 |
| Amount recognized in Balance Sheet (asset)/Liability | 228.28 | 134.54 |
| Expected Employer’s Contributions next year | 120.00 | 120.00 |

The discount rate is based on the government bond yields for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### Sensitivity Analysis (for each defined benefit plan)

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Discount rate | Salary Escalation rate | Discount rate | Salary Escalation rate |
| | (%) | (%) | (%) | (%) |
| Impact of increase in 50 bps on DBO | -3.28% | 3.56% | -3.40 | 3.67 |
| Impact of decrease in 50 bps on DBO | 3.48% | -3.38% | 3.61 | -3.48 |

### Disaggregation of Plan Assets

₹ in lakhs

| Particulars | March 31, 2023 | | | |
|---|---|---|---|---|
| | Quoted | Unquoted | Total | % |
| Insurer managed funds | - | 2,204.17 | 2,204.17 | 97% |
| Government Debt Instruments | - | - | - | - |
| Others | 62.51 | 1.72 | 64.23 | 3% |
| **Total** | **62.51** | **2,205.89** | **2,268.40** | **100%** |

₹ in lakhs

| Particulars | March 31, 2022 | | | |
|---|---|---|---|---|
| | Quoted | Unquoted | Total | % |
| Insurer managed funds | - | 2,229.22 | 2,229.22 | 96% |
| Government Debt Instruments | - | - | - | - |
| Others | 62.51 | 40.08 | 102.59 | 4% |
| **Total** | **62.51** | **2,269.30** | **2,331.81** | **100%** |

### Maturity Profile- Benefits

| | Amount |
|---|---|
| Expected benefits for year 1 | 425.56 |
| Expected benefits for year 2 | 303.47 |
| Expected benefits for year 3 | 194.24 |
| Expected benefits for year 4 | 186.72 |
| Expected benefits for year 5 | 215.55 |
| Expected benefits for year 6 | 233.25 |
| Expected benefits for year 7 | 207.35 |
| Expected benefits for year 8 | 272.35 |
| Expected benefits for year 9 | 295.63 |
| Expected benefits for year 10 and above | 2,287.59 |

The weighted average duration of these payments is 6.76 years.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### Code on Social Security, 2020:

The Indian Parliament has approved the Code on Social security 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the code on Social Security 2020, on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the code becomes effective and the related rules to determine the financial impact are published.

## 30. IND AS 115 'Revenue from Contracts with Customers'

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **CONTRACT WITH CUSTOMERS** | | |
| 1 | **Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.** | | |
| | **Revenue from operations** | | |
| | **Revenue from contract with customers** | | |
| | a) Room Income, Food & Beverages and Banquets | 47,766.27 | 25,101.10 |
| | b) Membership fees | 43.99 | 4.89 |
| | | **47,810.26** | **25,105.99** |
| | **Other operating revenue** | | |
| | a) Others | 1,892.32 | 1101.70 |
| | | **1,892.32** | **1101.70** |
| | **Total Income from operations** | **49,702.58** | **26,207.69** |
| 2 | **Disaggregate Revenue** | | |
| | **The following table presents Company's revenue disaggregated by type of revenue stream** | | |
| | **Revenue based on product and services** | | |
| | **Revenue from contract with customers** | | |
| | a) Room Income | 22,445.74 | 10,166.90 |
| | b) Food & Beverages and Banquets | 25,320.53 | 14,934.20 |
| | c) Membership fees | 43.99 | 4.89 |
| | **Other operating revenue** | | |
| | a) Others | 1,892.32 | 1,101.70 |
| 3 | **Contract balances** | | |
| | Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/ restaurant/Banquets. Revenue is recognised once the performance obligation is met i.e. on room stay/ sale of food and beverage / provision of banquet services. | | |
| | At April | 784.62 | 613.75 |
| | At March | 885.98 | 784.62 |

(The amounts reported herein are inclusive of GST.)

**Footnote :**

Considering the nature of business of the Company, the above contract liabilities are generally materialized as revenue within the same operating cycle.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 31. Details of Provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

₹ in lakhs

| Particulars | As at April 1, 2022 | Additions | Utilisation | Reversal (withdrawn as no longer required) | As at March 31, 2023 |
|---|---|---|---|---|---|
| Provision for other contingencies | | | | | |
| Entertainment Tax | 166.00 | 0.00 | 0.00 | 0.00 | 166.00 |
| | **(166.00)** | **(0.00)** | **0.00** | **0.00** | **(166.00)** |
| Property Tax | 557.26 | 51.89 | 0.00 | 0.00 | 609.17 |
| | **(543.63)** | **(43.24)** | **(0.00)** | **(29.60)** | **(557.27)** |
| Customs Duty | (289.89) | 0.00 | 0.00 | (289.89) | 0.00 |
| | **(0.00)** | **(289.89)** | **(0.00)** | **0.00** | (289.89) |
| Others | 49.31 | 00.00 | 0.00 | 0.00 | 49.31 |
| | **(49.31)** | **(0.00)** | **(0.00)** | **0.00** | **(49.31)** |
| **Total** | **1,062.47** | **51.89** | **0.00** | **(289.89)** | **824.47** |
| | **(758.93)** | **(333.13)** | **(0.00)** | **(29.60)** | **(1062.47)** |

₹ in lakhs

| Particulars | As at April 1, 2022 | Provisions during the year | Debtors written off against past provision | Provision written back | As at March 31, 2023 |
|---|---|---|---|---|---|
| Provision for doubtful debts and Bad debts written off | 152.33 | 41.20 | 79.10 | 20.03 | 94.39 |
| | 179.00 | 18.22 | - | 44.89 | 152.33 |

₹ in lakhs

| Particulars | Provisions during the year | Provision written back | Debts written of in the past recovered | Net Expense |
|---|---|---|---|---|
| Provision for doubtful debts charged to P&L | 41.20 | 17.83 | - | 23.37 |
| | 18.22 | 44.89 | - | (26.67) |

₹ in lakhs

| Particulars | As at April 1, 2022 | Provisions during the year | Advances written off against past provision | Provision written back | As at March 31, 2023 |
|---|---|---|---|---|---|
| Provision for doubtful advances | 4.87 | - | - | - | 4.87 |
| | 4.87 | - | - | - | 4.87 |

## 32. Related Party Transactions

The following table provides the list of related parties and total amount of transactions that have been entered into with related parties for the relevant financial year.

### i. Holding Company

The Indian Hotels Company Limited (IHCL)

### ii. Company having significant influence

Tata Sons Pvt. Ltd. (including its subsidiaries & joint ventures)

### iii. Subsidiary Companies

Northern India Hotels Limited

Piem International (H.K.) Limited (PIHK)

BAHC 5 Pte Ltd (Subsidiary of PIHK)

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

**iv. Associate Companies**

Taida Trading and Industries Limited
Taj Enterprises Limited
Taj Trade and Transport Company Limited
Inditravel Limited
Benares Hotels Limited
Oriental Hotels Limited
Taj Karnataka Hotels and Resorts Limited.
TAL Hotels and Resorts Limited

**v. Fellow Subsidiaries / Joint Ventures (to the extent of transactions carried during the year)**

United Hotels Limited
Taj SATS Air Catering Limited
Idea Ice & Cold Storage Company Limited
Taj GVK Hotels & Resorts Limited
Taj Kerela Hotels & Resorts Limited
Taj Safaris Limited
Roots Corporation Limited

**vi. Key Management Personnel**

Mr. Puneet Chhatwal – Chairman & Managing Director
Mr. Sudhir L. Nagpal - Jt. Managing Director
Mr. Rajesh R. Nagpal - Jt. Managing Director
Mr. Rajkumar M. Nagpal - Executive Director

**vii. Relatives of Key Management Personnel**

(Parties with whom transactions were conducted during the year)
Ms. N. M. Nagpal
Ms. Beryl. F. Nagpal
Ms. Subhadra. R. Nagpal
Ms. Sansara. R. Nagpal

**viii. Firms/Companies in which Key Management personnel are Interested**

MPOWER Information Systems Pvt Limited

**ix. Others**

Taj Residency Employees Provident Fund Trust (Bangalore Unit)
Piem Hotel Employees Gratuity Trust
Taj Residency Hotel Employees Gratuity Trust

- **Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

₹ in lakhs

| Particulars | Company having significant influence* | | Holding Company | | Subsidiaries | | Associates | | Fellow Subsidiaries / Joint Ventures | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Purchase of Goods & Services and Sharing of Expenses (Footnote 1) | 866.89 | 317.78 | 2015.86 | 1084.10 | - | - | 4.16 | 3.76 | 14.75 | 22.65 |
| Sale of Goods & Services | 1294.54 | 337.90 | 46.23 | 24.27 | 0.40 | 0.63 | 0.89 | 0.42 | (0.70) | 1.17 |
| Interest Expense / (Income) | 98.41 | 301.68 | | - | - | - | - | - | - | - |
| Lease Rent Income | | | 44.64 | 44.64 | 0.48 | - | - | - | - | - |
| Lease Rent Expense | - | 17.10 | 36.00 | 36.00 | - | - | - | - | - | - |
| Shop Rent Received | - | - | | - | - | - | 9.00 | 6.00 | - | - |
| Dividend Received | - | - | - | - | - | - | 5.41 | - | - | - |
| Dividend Paid | - | - | 785.91 | 261.31 | - | - | - | - | - | - |
| Inter Corporate Deposits Borrowed | - | - | | - | - | - | - | - | - | - |
| Inter Corporate Deposits Refunded | 2500.00 | 1500.00 | | - | - | - | - | - | - | - |
| Consultation / License Fees | - | - | 2373.02 | 1325.68 | 147.89 | 69.16 | - | - | 105.86 | 58.03 |
| Loyalty Expenses (Net of Redemption Credit) | - | - | (746.33) | (246.34) | - | - | - | - | - | - |
| Deputed Staff Salary expenses | - | - | 1451.90 | 1523.61 | - | - | 69.77 | 91.27 | 33.97 | 44.25 |
| Deputed Staff Salary recoveries | 8.27 | 20.46 | 602.37 | 559.35 | - | - | 125.28 | 153.03 | 65.46 | 31.54 |
| Commission / Remuneration (Refer Footnote 2) | - | - | - | - | - | - | - | - | - | - |
| Deputed Staff Recoverable | - | - | 71.78 | 62.38 | - | - | 14.65 | 21.56 | 48.03 | 21.60 |
| Inter Companies Receivable/ (Payables) – Related Party | - | - | 259.84 | 146.84 | - | - | 3.55 | (0.12) | 21.04 | 18.06 |
| Unsecured Residential Deposit Taken/ (Given) | | 5.00 | 48.00 | 48.00 | - | - | - | - | - | - |
| Trade Payables | 345.57 | 57.27 | 1584.90 | 903.61 | 64.00 | 19.78 | 8.18 | 9.70 | 32.18 | 37.29 |
| Trade Receivables | 233.87 | 76.26 | - | - | - | - | - | - | - | 0.17 |
| Sales of Investment/Shares | - | - | - | 8516.34 | - | - | - | - | - | - |
| ICD Outstanding | - | 2500.00 | - | - | - | - | - | - | - | - |

₹ in lakhs

| Particulars | Key Management Personnel | | Relatives of Key Management Personnel | | Firm in which Key Management Personnel are Interested | | Others | |
|---|---|---|---|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Purchase of Goods & Services and Sharing of Expenses (Footnote 1) | - | - | - | - | - | - | - | - |
| Sale of Services | - | - | - | - | - | - | - | - |
| Interest Expense / (Income) | - | - | - | - | - | - | - | - |
| Lease Rent Income | - | - | - | - | - | - | - | - |
| Lease Rent Expense | - | - | - | - | - | - | - | - |
| Shop Rent Received | - | - | - | - | - | - | - | - |
| Dividend Paid | 502.11 | 166.95 | 98.80 | 32.85 | - | - | - | - |
| Inter Corporate Deposits Borrowed | - | - | - | - | - | - | - | - |
| Inter Corporate Deposits Refunded | - | - | - | - | - | - | - | - |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| Particulars | Key Management Personnel | | Relatives of Key Management Personnel | | Firm in which Key Management Personnel are Interested | | Others | |
|---|---|---|---|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Consultation / License Fees | - | - | - | - | - | - | - | - |
| Loyalty Expenses (Net of Redemption Credit) | - | - | - | - | - | - | - | - |
| Deputed Staff Salary expenses | - | - | - | - | - | - | - | - |
| Deputed Staff Salary recoveries | - | - | - | - | - | - | - | - |
| Commission / Remuneration (Refer Footnote 2) | 588.43 | 378.73 | - | - | - | - | - | - |
| Deputed Staff Recoverable | - | - | - | - | - | - | - | - |
| Trade Payables | - | - | - | - | - | - | - | - |
| Trade Receivables | - | - | - | - | - | - | - | - |
| Contribution to Trust | - | - | - | - | - | - | 134.54 | 159.21 |
| Net Balance at year end -Receivable / (Payables) | - | - | - | - | - | - | (228.28) | (134.54) |

* Including its subsidiaries and joint- ventures.

**Footnotes:**

1. Purchase of Goods and Services includes Advertisement, Reservation and Information system expenses and Brand Common Cost
2. Commission to Executive Directors is considered on payment basis.
3. Current account transactions and reimbursement transactions have not been considered for the purpose of above reporting.

- **Compensation of Key Management Personnel of the Company**

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Short Term Employee Benefits | 296.02 | 247.49 |
| Other Long-term Benefits* | 160.00 | 280.00 |
| Post-employment Benefits | 15.73 | 14.57 |
| **Total** | **471.75** | **542.06** |

* - The amounts disclosed in the table are the amounts recognised as an expense during the reporting period pertaining to commission & incentive to key management personnel.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

- **Statement of Material Transactions**

₹ in lakhs

| Particulars | 2022 – 23 | 2021 – 22 |
|---|---|---|
| **Holding Companies** | | |
| **The Indian Hotels Company Ltd (IHCL)** | | |
| - Purchase of Goods & Services | 2015.46 | 1084.10 |
| - Sale of Goods & Services | 35.44 | 24.27 |
| - Sale of Investments | - | 8516.34 |
| - Dividend Paid | 785.91 | 261.31 |
| - Lease Rent Income | 44.64 | 44.64 |
| - Lease Rent paid | 36.00 | 36.00 |
| - Consultation / Licence Fees | 2373.02 | 1325.68 |
| - Deputed Staff Salary paid | 1451.90 | 1523.61 |
| - Deputed Staff Salary recoveries | 602.37 | 559.35 |
| - Inter Companies Receivables/(Payables) | (259.83) | 146.84 |
| - Deputed Staff Receivable | 71.78 | 62.38 |
| - Trade Payable | 1556.80 | 903.61 |
| - Residential Deposit | 48.00 | 48.00 |
| **Company having significant influence and its subsidiaries & joint ventures** | | |
| **Tata Sons Private Limited** | | |
| - Purchase of Goods & Services | 0.06 | - |
| - Sale of Goods & Services | 192.52 | 52.55 |
| - Deputed Staff salary Receivable | 8.27 | 20.46 |
| - Trade Payables | 0.06 | - |
| - Trade Receivable | 15.17 | 11.27 |
| **Tata Consultancy Services Limited** | | |
| - Purchase of Goods & Services | 143.11 | 188.60 |
| - Sale of Goods & Services | 255.81 | 31.26 |
| - Trade Payables | 10.37 | 44.35 |
| - Trade Receivable | 67.02 | 15.82 |
| **Taj Air Limited** | | |
| - Inter Corporate Deposits Borrowed | - | - |
| - Inter Corporate Deposits Refunded | 2500.00 | 1500.00 |
| - Sale of Goods & Services | 2.52 | - |
| - Interest Expenses | 98.42 | 280.80 |
| - Borrowings | - | 2500.00 |
| - Trade Receivables | 0.40 | - |
| **Tata Communications Limited** | | |
| - Purchase of Goods & Services | 24.94 | 14.74 |
| - Sale of Goods & Services | 22.55 | 2.50 |
| - Trade Payables | 3.18 | 3.63 |
| - Trade Receivables | 8.63 | 0.56 |
| **Tata AIA Life Insurance** | | |
| - Purchase of Goods & Services | 3.43 | - |
| - Sale of Goods & Services | 31.81 | 23.57 |
| - Trade Payables | 0.06 | - |
| - Trade Receivable | 7.24 | 3.75 |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

₹ in lakhs

| Particulars | 2022 – 23 | 2021 – 22 |
|---|---|---|
| **Tata Play Limited** | | |
| - Purchase of Goods & Services | 59.11 | 14.69 |
| - Sale of Goods & Services | 0.66 | 0.82 |
| - Trade Payables | 14.91 | 6.10 |
| - Trade Receivable | 0.46 | 0.13 |
| **Tata SIA Airlines Limited** | | |
| - Sale of Goods & Services | 222.80 | 109.66 |
| - Trade Receivables | 45.96 | 18.03 |
| **Tata Digital Limited** | | |
| - Sale of Goods & Services | 227.32 | 54.17 |
| - Trade Receivables | 24.97 | 13.80 |
| **Supermarket Grocery Supplies Private Limited** | | |
| - Purchase of Goods & Services | 608.70 | 74.76 |
| - Trade Payables | 67.30 | - |
| **Associates** | | |
| **Oriental Hotels Limited** | | |
| - Purchase of Goods & Services | 0.38 | - |
| - Sale of Goods & Services | - | - |
| - Deputed Staff Salary Paid | 17.73 | 22.29 |
| - Inter companies Receivables/(Payables) | 0.27 | 0.12 |
| - Trade Payables | 1.44 | 1.55 |
| - Deputed Staff recoverable | 7.25 | 12.05 |
| **Subsidiaries** | | |
| **a) Northern India Hotels Limited** | | |
| - Consultation / Licence Fees | 147.89 | 69.16 |
| - Interest Paid | - | - |
| - Miscellaneous Income | - | - |
| **Key Management Personnel** | | |
| **a) Mr. Rajkumar M. Nagpal** | | |
| - Commission / Remuneration | 170.82 | 83.28 |
| - Dividend Paid | 98.43 | 32.73 |
| **b) Mr. Sudhir L. Nagpal** | | |
| - Commission / Remuneration | 229.93 | 169.98 |
| - Dividend Paid | 203.90 | 67.80 |
| **c) Mr. Rajesh R. Nagpal** | | |
| - Commission / Remuneration | 187.67 | 125.47 |
| - Dividend Paid | 199.77 | 66.42 |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 33. List of Investments in Subsidiaries and Associates are given below:

### a. Subsidiaries Companies

| | Principal place of business/country of incorporation | March 31, 2023 | | March 31,2022 | |
|---|---|---|---|---|---|
| | | Held directly by Company | Direct holding(%) | Held directly by Company | Direct holding(%) |
| **Domestic** | | | | | |
| Northern India Hotels Limited | India | 627.35 | 94.16% | 627.35 | 94.16% |
| **International** | | | | | |
| Piem International (H.K) Limited (wholly owned) | Hong Kong | 2825.34 | 100.00% | 2825.34 | 100.00% |

### b. Associates

| | Principal place of business/country of incorporation | March 31, 2023 | | March 31,2022 | |
|---|---|---|---|---|---|
| | | Held directly by Company | Direct holding(%) | Held directly by Company | Direct holding(%) |
| **Domestic** | | | | | |
| Taida Trading and Industries Limited | India | 34.42 | 25.41% | 34.42 | 25.41% |
| Taj Karnataka Hotels and Resorts Ltd | India | 30.00 | 10.60% | 30.00 | 10.60% |
| Inditravel Limited | India | 18.91 | 26.25% | 18.91 | 26.25% |
| Taj Trade and Transport Company Limited | India | 140.38 | 25.56% | 140.38 | 25.56% |
| **International** | | | | | |
| TAL Hotels and Resorts Limited | Hong Kong | 132.69 | 1.60% | 132.69 | 1.60% |

## 34. Exceptional Item

Exceptional item CY ₹ Nil (Previous year ₹ 3,516.34 lakhs represents profit arising out of sale of shares of Roots Corporation Limited to the Holding Company.)

## 35. Earnings per Share

Earnings Per Share is calculated in accordance with IND AS 33 – 'Earnings Per Share'

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/ (Loss) after tax | 6,115.02 | (264.26) |
| Number of Ordinary Shares | 38.10 | 38.10 |
| Weighted Average Number of Ordinary Shares: | | |
| Considered in calculation of Basic EPS & Diluted EPS | 38.10 | 38.10 |
| Face Value per Ordinary Share in Rs. | 10 | 10 |
| Earning Per Share: | | |
| Basic/Diluted in Rs. | 160.50 | (6.94) |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 36. Events Occurring After the Reporting Period

There are no events occurring after the reporting period to be reported.

## 37. Offsetting Financial Assets and Financial Liabilities

There are no financial liabilities and assets that are off set during the financial years March 31, 2023 and March 31, 2022.

## 38. Corporate Social Responsibility:

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount required to be spent as per Section 135 of the Act | - | - |
| Amount Spent during the year on: | | |
| (i) Construction/Acquisition of an asset | - | - |
| (ii) On purpose other than (i) above | - | - |

## 39. Additional Regulatory Information as mandated by SCH III (Division II) of Companies Act, 2013 vide MCA notification dated March 24, 2021 (to the extent applicable)

### a. Title deeds of Immovable Properties not held in name of the Company

| Relevant line item in the Balance sheet | Description of item of property | Gross Carrying Value | Title Deeds/ Allotment held in name of | Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company |
|---|---|---|---|---|---|---|
| Piece of Land at Agra | Free hold Land | 4.32 lakhs | Zorawar Singh, Nathu Singh, Shri Mohan Singh, Ramesh Chand, Dauji Ram | No. | 1988 | Due to non-availability of all signatories at the same time, registration formalities are pending. |
| Land in Lucknow | ROU Assets | 818.54 lakhs | Indian Hotels Company Limited | Yes (Promoter) | 2003 | Endorsement by the local development authority in its records of the assignment of lease by the holding company in favour of the Company is pending since 2003. |
| Land in Indore | ROU Assets | 2.98 lakhs | PIEM Holdings Limited | NA | 2002 | Allotment is in the name of erstwhile subsidiary which got amalgamated with the Company with effect from 2002. |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## b. Financial Ratios:

| Ratio | in times/% | Numerator | Denominator | Current Year | Previous Year |
|---|---|---|---|---|---|
| Current Ratio | in times | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | 1.27 | 0.52 |
| Debt Equity Ratio | in times | Non - Current Borrowings + Current Borrowings | Total Equity | 0.00 | 0.04 |
| Debt Service Coverage Ratio | in times | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt | 5.00 | 0.04 |
| Return of Equity Ratio | in times | Profit/(Loss) after tax | Average Total Equity | 0.10 | (0.00) |
| Inventory Turnover Ratio* | | NA | NA | NA | NA |
| Trade Receivables Turnover Ratio | in times | Revenue from operations | Average Trade Receivables | 27.67 | 27.11 |
| Trade Payables Turnover Ratio | in times | Total expenses - Depreciation - Interest - Payroll Cost | Average Trade Payables | 5.63 | 4.31 |
| Net Capital Turnover Ratio | in times | Net Sales | Average Working Capital | (33.79) | (4.52) |
| Net Profit Ratio | in % | Profit/(Loss) after tax | Total Income | 12% | 1% |
| Return on Capital Employed | in % | Earnings before interest and tax | Average Equity + Average Debt + Average Lease Liabilities | 13% | 0% |
| Return on Investment# | in % | NA | NA | NA | NA |

**Footnotes:**

i) Current ratio was higher due to temporary surplus funds from the operations.

ii) Debt-equity ratio has reduced due to repayment of the borrowings in the current year.

iii) Debt service coverage ratio has increased due to increase in cash operating earnings in comparison to the previous year and considers principal payments during the year which was higher than the outstanding debt at the balance sheet date.

iv) Return on equity ratio has increased due to increase the profit after tax for the year.

v) Trade payables turnover ratio increased with increase in volume of business activity during the year.

vi) Net capital turnover ratio increased with improved with increasing net sales.

vii) Net profit ratio improved over the previous year with an improvement in business volumes and cost containment measures during the year.

viii) Return on capital employed and return on equity improved with improvement in operating margins during the year.

ix) * - As the Company is primarily engaged in hospitality sector (Service Industry), Inventory turnover ratio and Return on Investment ratio are not applicable to the Company.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

c. **Transaction with Struck off Companies:**

The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

d. There are no borrowings from banks or financial institutions on the basis of security of current assets of the Company.

e. No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f. No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 40. Going Concern

During the current period of this year, the Company saw strong rebound in the business aided by leisure travel and gradual pickup in business travel. The Company will continue to closely monitor any material changes to future economic conditions on account of COVID-19 to assess any possible impact on the Company.

The Company has adequate funds at its disposal for the next 12 months to prevent any disruption of the operating cash flows. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

## 41. Dividend

Dividends paid during the year ended March 31, 2022include an amount of ₹ 13.30 per share per equity share towards interim dividend for the year ended March 31, 2022and an amount of ₹ 40 per equity share towards interim dividends for the year ended March 31, 2023.

Dividends declared by the Company are based on the profit available for distribution. On April 17, 2023, the Board of Directors of the Company have proposed a final dividend of ₹ 10 per share in respect of the year ended March 31, 2023 subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 381 lakhs.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.
101248W / W-100022

**Tarun Kinger**
Membership No : 105003

Mumbai, April 17, 2023

**For and on behalf of the Board**

**Puneet Chhatwal**
(Chairman & Managing Director)
DIN No. 07624616

**Sudhir L. Nagpal**
(Jt. Managing Director)
DIN No. 00044762

**Rajesh R. Nagpal**
(Jt. Managing Director)
DIN No. 00032123

**Ms. Farzana Sam Billimoria**
Company Secretary

Mumbai, April 17, 2023

# Independent Auditor's Report

To the Members of Roots Corporation Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Roots Corporation Limited (the "Company") which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs 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 Act 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 on the financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and 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.

### Management's and Board of Directors Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, the Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its financial statements - Refer Note 26 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 39(e) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 39(f) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its director during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWM3751

Place: Mumbai
Date: April 19, 2023

# Annexure A to the Independent Auditor's Report on the Financial Statements of Roots Corporation Limited for the year ended March 31, 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value (in lakhs) | Held in the name of | Whether promoter, director or their relative or employee | Period held-indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|---|---|---|---|---|---|
| Commercial Building - Chennai Vadapalani | 575.85 | Dr. Sankar T.S.R. Mohanselvan | No | 11 Years | The building is in the possession of the Company where the lease deed is yet to be registered in the name of the Company |
| Commercial building -Cochi Kalamassery | 1,076.05 | Canton Residency Private Limited | No | 1 Year and 3 | The operations of the hotel started on 28 March 2022 and the registration of lease deed is in process. However there exists an agreement to lease with lessor. |
| Commercial Building-Chennai OMR | 91.09 | KVSN Properties Pvt. Ltd. (In addition to the Company, there are 7 other individuals) | No | 11 Days | The operations of the hotel started on 21 March 2023 and the registration of lease deed is in process. However there exists an agreement to lease with lessor. |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10%in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

# Annexure A to the Independent Auditor's Report on the Financial Statements of Roots Corporation Limited for the year ended March 31, 2023 (Contd.)

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a), 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has not made any investments in companies, firms, limited liability partnerships during the year. The Company has made investments in other parties during the year.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans during the year.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security to which provisions of Sections 185 of the Companies Act, 2013 apply. According to the information and explanations given to us, the provisions of Section 186 of the Act in respect of the loans and guarantees given and securities provided are not applicable to the Company, since the Company is engaged in infrastructural facilities . In respect of investments, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, considering the principles of materiality outlined in Standards on Auditing, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of professional tax.

As explained to us, the Company does not have any dues on account of duty of customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of the dues | Amount ₹ in lakhs | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|---|---|---|---|---|---|
| Bihar Stamps (Prevention of under Valuation of Instruments) Rule 1995 | Cess | 170.06 | 2006-07 to 2021-22 | Deputy Commissioner, East Singhbhum | |
| North Delhi Municipal Corporation (NDMC) | Property Tax | 166.46 | 2007-08 to 2016-17 | Delhi High Court | |

# Annexure A to the Independent Auditor's Report on the Financial Statements of Roots Corporation Limited for the year ended March 31, 2023 (Contd.)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended March 31, 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended March 31, 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on the audit procedures conducted by us, the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

# Annexure A to the Independent Auditor's Report on the Financial Statements of Roots Corporation Limited for the year ended March 31, 2023 (Contd.)

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six CICs as part of the Group

(xvii) The Company has not incurred cash loss in the current financial year and has incurred cash loss of Rs.2.04 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWM3751

Place: Mumbai
Date: April 19, 2023

# Annexure B to the Independent Auditor's Report on the financial statements of Roots Corporation Limited for the year ended March 31, 2023

## Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

### Opinion

We have audited the internal financial controls with reference to financial statements of Roots Corporation Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

# Annexure B to the Independent Auditor’s Report on the financial statements of Roots Corporation Limited for the year ended March 31, 2023 (Contd.)

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company’s internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWM3751

Place: Mumbai
Date: April 19, 2023

# Balance Sheet
as at March 31, 2023

| | Note | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 3 | 30,599.59 | 32,645.13 |
| Capital work-in-progress | 3 | 556.21 | 258.48 |
| Right-of-Use assets | 29 | 25,460.71 | 26,000.71 |
| Intangible assets | 3 | 299.49 | 367.06 |
| Financial Assets | | | |
| Security deposits | 4 (a) | 1,198.51 | 1,113.57 |
| Deferred tax assets (net) | 25 | 2,351.00 | - |
| Advance Income Tax (net) | 5 | 999.80 | 806.72 |
| Other non-current assets | 6 (a) | 1,281.58 | 1,299.26 |
| | | **62,746.89** | **62,490.93** |
| **Current assets** | | | |
| Inventories | 7 | 285.37 | 239.31 |
| Financial assets | | | |
| Investments | 8 | 730.63 | - |
| Trade receivables | 9 | 2,651.61 | 1,542.58 |
| Cash and cash equivalents | 10 | 371.43 | 367.78 |
| Other financial assets | 4 (b) | 464.45 | 365.99 |
| Other current assets | 6 (b) | 1,932.38 | 1,331.64 |
| | | **6,435.87** | **3,847.30** |
| **Total Assets** | | **69,182.76** | **66,338.23** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share capital | 11 | 9,902.22 | 9,403.37 |
| Other Equity | 12 | 14,891.97 | 1,761.68 |
| **Total Equity** | | **24,794.19** | **11,165.05** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 13 (a) | - | 8,969.58 |
| Lease Liabilities | 29 | 36,015.67 | 35,674.98 |
| Other financial liabilities | 14 (a) | - | 2.72 |
| Provisions | 15 (a) | 199.07 | 318.53 |
| Other non-current liabilities | 17 (a) | 653.37 | 1,077.99 |
| | | **36,868.11** | **46,043.80** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 13 (b) | - | 1,727.72 |
| Lease Liabilities | 29 | 874.99 | 810.99 |
| Trade payables | | | |
| Dues of small enterprises and micro enterprises | 16 | 33.26 | 32.29 |
| Dues of creditors other than small enterprises and micro enterprises. | 16 | 4,230.68 | 4,288.70 |
| Other financial liabilities | 14 (b) | 666.08 | 848.30 |
| Provisions | 15 (b) | 28.14 | 44.60 |
| Other current liabilities | 17 (b) | 1,687.31 | 1,376.78 |
| | | **7,520.46** | **9,129.38** |
| **Total Equity and Liabilities** | | **69,182.76** | **66,338.23** |
| Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the financial statements | 3 - 39 | | |

As per our report of even dated attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 19, 2023

**For and on behalf of the Board of Directors of**
**Roots Corporation Limited**
CIN : U55100MH2003PLC143639

**Nabakumar Shome**
Director
DIN : 03605594

**Deepika Rao**
Director
DIN : 08136962

**Jithin Prakash**
Head - Finance

**Neha Khanna**
Company Secretary
MRN -29345

Mumbai, April 19, 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

| | Note | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | 30,451.45 | 17,087.77 |
| Other income | 19 | 216.51 | 859.36 |
| **Total income** | | **30,667.96** | **17,947.13** |
| **Expenses** | | | |
| Food and beverages consumed | 20 | 1,236.45 | 728.07 |
| Employee benefit expense and payment to contractors | 21 | 3,276.60 | 3,324.61 |
| Finance costs | 22 | 4,072.69 | 4,642.07 |
| Depreciation and amortisation expenses | 3b | 3,844.19 | 3,793.99 |
| Other operating and general expenses | 23 | 14,683.09 | 9,561.38 |
| **Total Expenses** | | **27,113.02** | **22,050.12** |
| **Profit/(Loss) before exceptional items and tax** | | **3,554.94** | **(4,102.99)** |
| Exceptional items | 24 | 1,202.23 | 712.49 |
| **Profit/(Loss) before tax** | | **4,757.17** | **(3,390.50)** |
| **Tax expense** | | | |
| Current tax | 25 | - | - |
| Deferred tax expense/(credit) | 25 | (2,356.45) | - |
| **Total Tax expense** | | **(2,356.45)** | **-** |
| **Profit/(Loss) after tax** | | **7,113.62** | **(3,390.50)** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligation | | 20.97 | 19.51 |
| Add/ (Less) Income tax credit / (expense) | | (5.45) | - |
| **Net other comprehensive income not to be reclassified subsequently to profit or loss** | | **15.52** | **19.51** |
| **Other comprehensive income for the year, net of tax** | | **15.52** | **19.51** |
| **Total comprehensive Income for the year** | | **7,129.14** | **(3,370.99)** |
| Earnings per share: | | | |
| Basic - (₹) | 34 | 7.22 | (3.44) |
| Face value per equity share - (₹) | | 10.00 | 10.00 |
| Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the financial statements | 3 - 39 | | |

As per our report of even dated attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 19, 2023

**For and on behalf of the Board of Directors of Roots Corporation Limited**
CIN : U55100MH2003PLC143639

**Nabakumar Shome**
Director
DIN : 03605594

**Deepika Rao**
Director
DIN : 08136962

**Jithin Prakash**
Head - Finance

**Neha Khanna**
Company Secretary
MRN -29345

Mumbai, April 19, 2023

# Statement of Changes in Equity

for the year ended March 31, 2023

₹ lakhs

| Particulars | Equity Share Capital Subscribed | Reserve & Surplus | | Total | Total Equity |
|---|---|---|---|---|---|
| | | Securities Premium Account | Retained Earnings | | |
| **Balance as at April 1, 2022** | **9,403.37** | **31,912.37** | **(30,150.69)** | **1,761.68** | **11,165.05** |
| Profit / (Loss) for the year ended March 31, 2023 | - | - | 7,113.62 | 7,113.62 | 7,113.62 |
| Other Comprehensive Income for the year ended March 31, 2023, net of taxes | - | - | 15.52 | 15.52 | 15.52 |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **-** | **7,129.14** | **7,129.14** | **7,129.14** |
| Allocation of Shares on Rights basis | 498.85 | - | - | - | 498.85 |
| Premium on allocation of shares on Rights basis | - | 6,001.15 | - | 6,001.15 | 6,001.15 |
| **Balance as at year ended March 31, 2023** | **9,902.22** | **37,913.52** | **(23,021.55)** | **14,891.97** | **24,794.19** |
| **Balance as at April 1, 2021** | **9,403.37** | **31,912.37** | **(26,779.73)** | **5,132.64** | **14,536.01** |
| Profit / (Loss) for the year ended March 31, 2022 | - | - | (3,390.47) | (3,390.47) | (3,390.47) |
| Other Comprehensive Income for the year ended March 31, 2022, net of taxes | - | - | 19.51 | 19.51 | 19.51 |
| **Total Comprehensive Income for the year ended March 31, 2022** | **9,403.37** | **31,912.37** | **(30,150.69)** | **1,761.68** | **11,165.05** |

Significant Accounting Policies (Refer Note 2)

The accompanying notes form an integral part of the financial statements (Refer Notes 3- 39)

As per our report of even dated attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 19, 2023

**For and on behalf of the Board of Directors of Roots Corporation Limited**
CIN : U55100MH2003PLC143639

**Nabakumar Shome**
Director
DIN : 03605594

**Deepika Rao**
Director
DIN : 08136962

**Jithin Prakash**
Head - Finance

**Neha Khanna**
Company Secretary
MRN -29345

Mumbai, April 19, 2023

# Statement of Cash Flows
for the year ended March 31, 2023

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Profit / (Loss) Before Tax | 4,757.17 | (3,390.47) |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Depreciation and amortisation expenses | 2,239.19 | 2,235.20 |
| Amortisation expenses on Right-of-Use assets | 1,605.00 | 1,558.79 |
| Notional Intrest as per Ind AS 115 on Advance from Customer | (123.06) | (82.95) |
| Net (Gain)/ Loss on Disposal of Property, Plant and Equipment | 25.86 | 29.02 |
| Net (Gain)/ Loss on Disposal of Property, Plant and Equipment (Exceptional Items) | (1,202.23) | (712.49) |
| Interest expense other than interest on lease liability | 443.26 | 1,050.89 |
| Interest on lease liability | 3,629.43 | 3,591.18 |
| Interest income | (128.31) | (170.23) |
| Gain on investments carried at fair value through statement of profit and loss | (57.56) | (7.93) |
| Provision for Employee Benefits | 31.44 | 66.04 |
| Allowance for Doubtful Debts and advances | 136.62 | (31.75) |
| Allowance for Doubtful advances | 52.37 | - |
| Lease Waivers booked under miscellaneous income | (2.58) | (468.47) |
| Liabilities / provisions no longer required written back | (0.29) | (0.41) |
| | **6,649.14** | **7,056.89** |
| Cash operating profit generated before working capital changes | 11,406.31 | 3,666.42 |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Inventories | (46.06) | (23.38) |
| Trade receivables | (1,245.36) | 377.22 |
| Financial Assets | (183.18) | (39.34) |
| Other Assets | (446.25) | (118.52) |
| | **(1,920.84)** | **195.98** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade payables | (57.05) | 125.77 |
| Financial Liabilities | (203.68) | (452.23) |
| Other Liabilities | (119.25) | (489.58) |
| Provisions | (146.39) | (35.85) |
| | **(526.37)** | **(851.89)** |
| Cash Generated from Operating Activities | 8,959.09 | 3,010.52 |
| Income taxes (paid) / received (Net of Refunds) | (193.08) | (114.28) |
| **Net Cash Generated From Operating Activities (A)** | **8,766.01** | **2,896.24** |
| **Cash Flow From Investing Activities** | | |
| Payment for purchase of property, plant and equipment | (1,851.52) | (921.93) |
| Proceeds from disposal of property, plant and equipment | 2,460.49 | 1,595.21 |
| Purchase of current Investments | (2,424.23) | (3,148.58) |
| Sale of current Investments | 1,751.16 | 3,156.51 |
| Interest Received | 128.09 | 82.23 |
| **Net Cash Generated from Investing Activities (B)** | **63.99** | **763.44** |

# Statement of Cash Flows (Contd.)
for the year ended March 31, 2023

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Cash Flow From Financing Activities** | | |
| Proceeds from Equity | 6,500.00 | - |
| Proceeds from long-term borrowings | - | 9,460.00 |
| Repayment of long-term borrowings | (9,460.00) | (6,750.00) |
| Proceeds from short-term borrowings | - | 1,163.13 |
| Repayment of short-term borrowings | (1,255.01) | (2,906.68) |
| Payment of Lease Liability (Including Interest) | (4,287.16) | (3,528.84) |
| Interest and other borrowing costs paid | (324.18) | (923.32) |
| **Net Cash (Used) In Financing Activities (C)** | **(8,826.35)** | **(3,485.71)** |
| **Net Increase In Cash and cash equivalents (A + B + C)** | **3.65** | **173.96** |
| **Cash and Cash Equivalents - Opening** | 367.78 | 193.82 |
| **Cash and Cash Equivalents - Closing** | 371.43 | 367.78 |

Significant Accounting Policies (Refer Note 2)

The accompanying notes form an integral part of the financial statements (Refer Notes 3 - 39)

The above cash flow has been prepared under the ''Indirect Method" as set out in the Indian Accounting Standard (Ind AS) 7 -

"Statement of Cash Flows" prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.

As per our report of even dated attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 19, 2023

**For and on behalf of the Board of Directors of**
**Roots Corporation Limited**
CIN : U55100MH2003PLC143639

**Nabakumar Shome**
Director
DIN : 03605594

**Deepika Rao**
Director
DIN : 08136962

**Jithin Prakash**
Head - Finance

**Neha Khanna**
Company Secretary
MRN -29345

Mumbai, April 19, 2023

# Notes to Financial Statements
for year ended March 31, 2023

## Note 1. Corporate Information

Roots Corporation Ltd (RCL) is in the business of developing, managing and operating GINGER hotels, a revolutionary concept in hospitality and has pioneered Lean Luxe and Lean Luxury space. The GINGER experience today offers a re-imagined new world of fusion of work and play together where local mergers with global and where contrasts come together to create unique yet relatable seamless experiences. Currently the Company has 59 hotels including 17 hotels on management contracts and 5 Facilities Management units across various geographical locations in India. GINGER energizes enterprising Indians in their journeys with a hospitality experience that provides comfort and convenience.

The Company has its registered office at 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai - 400021.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on April 19, 2023.

## Note 2. Basis of preparation, critical accounting estimates and judgements.

Significant accounting policies and recent accounting pronouncements.

**(a) Statement of compliance:**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 and other provisions of the Companies Act, 2013 as amended from time to time.

**(b) Basis of preparation :**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

**(c) Critical accounting estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.
- **Impairment testing:** Property, plant and equipment, Right-of-Use assets and intangible assets that are subject to depreciation/ amortisation are tested for impairment periodically including when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of Profit or Loss.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made, and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- **Leases:**

  **Critical judgements in determining the lease term:** Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

- **Critical judgements in determining the discount rate:** The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**(d) Revenue recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the company as part of the contract.

**Income from operations**

**Rooms, Food and Beverage & Banquets:** Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

recognised once the rooms are occupied, food and beverages are sold, and banquet services have been provided as per the contract with the customer.

**Space and shop rentals:** Rentals basically consist of rental revenue earned from letting of spaces for retails and office at the properties. These contracts for rentals are generally of short term in nature. Revenue is recognized in the period in which services are being rendered. The rentals are recognized under accrual basis.

**Other Allied services:** In relation to laundry income, communication income, airport transfers income and other allied services, the revenue has been recognized by reference to the time of service rendered.

**Management and Operating fees:** Management fees earned from hotels managed by the Company are usually under long-term contracts with the hotel owner. Under Management and Operating Agreements, the Company's performance obligation is to provide hotel management services and a license to use the Company's trademark and other intellectual property.

**Management and incentive fee** are earned as a percentage of revenue and profit and are recognised when earned in accordance with the terms of the contract based on the underlying revenue, when collectability is certain and when the performance criteria are met. Both are treated as variable consideration.

**Revenue from contracts with customers:** In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

### Contract balances

a) **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

b) **Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

## (e) Employee Benefits (other than for persons engaged through contractors):

i. **Provident Fund:** The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The Company contributes to the Recognised Employee's Provident Fund Scheme paid/payable during the year. The Company does not have any legal or informal obligation to pay additional sum.

ii. **Gratuity (Unfunded)**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### iii. Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined based on an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

### (f) Property, Plant and Equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(5) below). Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to Profit or Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

| Class of Assets | | Estimated Useful Life |
|---|---|---|
| 1. | Plant and machinery | 4 to 20 years |
| 2. | Electrical installations and equipment | 20 years |
| 3. | Hotel Wooden Furniture | 15 years |
| 4. | End User devices - Computers, Laptops, etc. | 6 years |

In respect of buildings constructed on leasehold land, depreciation is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated based on their estimated useful lives or the expected lease period whichever is lower.

**Freehold land is not depreciated.**

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

of the asset and is recognized in the Statement of Profit and Loss. Proportionate depreciation is charged for the addition and disposal made during the year.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its tangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(g) Intangible Assets:**

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed, and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets are as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Software and Licences | 6 years |

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(h) Impairment of assets:**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

**(i) Leases :**

Effective April 1, 2019 the Company has applied Ind AS 116 which replaces Ind AS 17 Leases.

On inception of a contract, the Company (as a lessee) assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and no lease components based on their relative standalone prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

The company has adopted Modified Retrospective Approach.

Discounting factor is calculated based on the start date of the lease term

For computing the present value of Minimum Lease Payments, the following interest rates should be considered:

**Interest rate implicit in the lease:** The rate implicit in the lease would be considered readily determinable when all the material inputs used to calculate the rate are readily determinable. It may not be possible to determine the fair value of the underlying lease asset, residual value etc. for so many properties and therefore, it is recommended to use 'incremental borrowing rate' as discount rate.

**Incremental borrowing rate:** In order to determine discount rate as above, one should use the rate that is "determinable, reasonable, and consistent with the financing that would have been used in the particular circumstances". The lessee (RCL) may need to determine its incremental borrowing rate through discussions with bankers, or other lenders or by reference to obligations of a similar term issued by others with a credit rating like that of the lessee (RCL).

Most of the leases are long term with the tenor ranging from 5 to 99 years. The borrowing rate for a tenor of more than 5 years may not be readily available. Therefore, in order to determine the discount rate, the Company has taken 10 year / 15 year /20-year G-Sec rates and adjusted with Company's risk/Assets Risk.

### Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income based on terms of lease agreed with the lessee. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

## (j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## (k) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

## (l) Government Grants

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

Government grants related to assets are presented in the balance sheet by deducting the grant in calculating the carrying amount of the asset.

**(m) Transactions in foreign currencies:**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies and outstanding at the Balance Sheet date are translated at the exchange rates prevailing at the year end. Non-monetary items denominated in foreign currencies are carried at the exchange rate in force at the dates of the transactions. Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

**(n) Income Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current tax:**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred tax:**

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

**(o) Goods & Service Tax input credit:**

Goods & Service Tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/ utilizing the credits.

**(p) Share Issue Expenses:**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52(2) of the Companies Act, 2013, to the extent balance is available for utilization in the Securities Premium Account.

**(q) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

**(r) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit and Loss using the effective interest method.

**(s) Cash and Cash Equivalent (for the purpose of cash flow statements):**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**(t) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(u) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(v) Exceptional items:**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These items are identified by virtue of either their size or nature or incidence. Exceptional items include, but are not restricted to:

(i) Gains and losses on the disposal of assets

(ii) Loss on impairment of assets

**(w) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement:**

**Debt instruments**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition subject to certain class of trade receivables where the loss allowances is based on assumptions about risk of default and judgements which are based on the past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

## Financial Liabilities

### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

### Initial recognition and measurement

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

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

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

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

**Financial liabilities at fair value through profit or loss**

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

**Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### New Standards/ Amendments notified but not yet effective:

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors- Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes –

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 3 : Property, Plant and Equipment and Intangible Assets & Capital work-in-progress

₹ lakhs

| Particulars | | | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | As at April 1, 2022 | Additions | Deductions/ Adjustments | As at March 31, 2023 | As at April 1, 2022 | Charge for the year | Deductions/ Adjustments | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| **TANGIBLE ASSETS** | | | | | | | | | | | | |
| 1 | Freehold Land | CY | 477.25 | - | (387.67) | 89.58 | - | - | - | - | 89.58 | 477.25 |
| | Freehold Land (Refer foot note 3(iii)) | PY | *731.29* | - | *(254.03)* | *477.25* | - | - | - | - | *477.25* | *731.29* |
| 2 | Buildings | | | | | | | | | | | |
| a | Hotel Building (Refer footnotes 3(i) , 3(ii)) | CY | 19,036.91 | 288.78 | (927.32) | 18,398.37 | 2,567.28 | 502.99 | (237.43) | 2,832.84 | 15,565.52 | 16,469.63 |
| | | PY | *19,386.41* | *217.99* | *(567.48)* | *19,036.91* | *2,120.27* | *521.55* | *(74.54)* | *2,567.28* | *16,469.63* | *17,266.14* |
| b | Improvements to leasehold buildings | CY | 11,768.85 | 252.16 | (606.49) | 11,414.52 | 4,079.30 | 600.10 | (547.39) | 4,132.01 | 7,282.51 | 7,689.55 |
| | | PY | *11,701.86* | *66.99* | *0.00* | *11,768.85* | *3,483.06* | *596.24* | *0.00* | *4,079.30* | *7,689.55* | *8,218.80* |
| | **Total Buildings** | CY | **30,805.76** | **540.94** | **(1533.81)** | **29,812.89** | **6,646.58** | **1,103.09** | **(784.82)** | **6,964.85** | **22,848.03** | **24,159.18** |
| | | PY | ***31,088.27*** | ***284.97*** | ***(567.48)*** | ***30,805.76*** | ***5,603.32*** | ***1,117.80*** | ***(74.54)*** | ***6,646.58*** | ***24,159.18*** | ***25,484.94*** |
| 3 | Plant, Machinery and Data Processing Equipments | CY | 11,040.44 | 655.69 | (452.68) | 11,243.46 | 4,696.91 | 827.86 | (318.28) | 5,206.48 | 6,036.98 | 6,343.54 |
| | | PY | *10,875.96* | *461.30* | *(296.82)* | *11,040.44* | *4,079.98* | *783.31* | *(166.38)* | *4,696.91* | *6,343.54* | *6,795.98* |
| 4 | Furniture and Fixtures | CY | 2,874.61 | 182.63 | (108.09) | 2,949.14 | 1,209.91 | 209.64 | (95.04) | 1,324.51 | 1,624.63 | 1,664.70 |
| | | PY | *2,805.68* | *137.19* | *(68.25)* | *2,874.61* | *1,041.38* | *202.47* | *(33.94)* | *1,209.91* | *1,664.70* | *1,764.30* |
| 5 | Office Equipment | CY | 4.47 | - | 0.00 | 4.47 | 4.02 | 0.09 | 0.00 | 4.11 | 0.36 | 0.45 |
| | | PY | *4.73* | - | *(0.26)* | *4.47* | *4.14* | *0.12* | *(0.24)* | *4.02* | *0.45* | *0.59* |
| **Sub-Total** | | CY | 45,202.54 | 1,379.26 | (2482.26) | 44,026.03 | 12,557.42 | 2,140.22 | (1198.14) | 13,499.51 | 30,599.59 | 32,645.12 |
| | | PY | *45,505.92* | *883.46* | *(1186.84)* | *45,202.54* | *10,728.83* | *2,103.69* | *(275.10)* | *12,557.42* | *32,645.12* | *34,777.10* |
| **INTANGIBLE ASSETS** | | | | | | | | | | | | |
| | Computer Software | CY | 1,291.37 | 31.39 | (1.70) | 1,321.07 | 924.31 | 98.97 | (1.70) | 1,021.58 | 299.49 | 367.06 |
| | | PY | *1,234.65* | *56.72* | *0.00* | *1,291.37* | *796.05* | *128.26* | *0.00* | *924.31* | *367.06* | *438.60* |
| **Sub-Total** | | CY | **1,291.37** | **31.39** | **(1.70)** | **1,321.07** | **924.31** | **98.97** | **(1.70)** | **1,021.58** | **299.49** | **367.06** |
| | | PY | ***1,234.65*** | ***56.72*** | ***0.00*** | ***1,291.37*** | ***796.05*** | ***128.26*** | ***0.00*** | ***924.31*** | ***367.06*** | ***438.60*** |
| **Total** | | CY | **46,493.92** | **1,410.65** | **(2,483.96)** | **45,420.61** | **13,481.74** | **2,239.19** | **(1,199.84)** | **14,521.09** | **30,899.08** | **33,012.18** |
| | | PY | ***46,740.57*** | ***940.19*** | ***(1186.84)*** | ***46,493.92*** | ***11,524.88*** | ***2,231.96*** | ***(275.10)*** | ***13,481.74*** | ***33,012.18*** | ***35,215.70*** |
| **CAPITAL WORK-IN- PROGRESS (Refer Note 3(iv))** | | CY | 258.47 | 1,708.39 | (1,410.65) | 556.21 | - | - | - | - | 556.21 | 258.48 |
| | | PY | *343.91* | *854.75* | *(940.19)* | *258.47* | - | - | - | - | *343.91* | *343.91* |

**Note:**

3(i) Net Block of Building Includes ₹14,994.84 lakhs (Previous year ₹15,194.00 lakhs) constructed on Leasehold Land

3(iI) Mangalore immovable and movable property of value Rs. 1184.84 lakhs sold(Refer note 36)

3(iii) Opening Gross Block includes impairment provision for Ludhiana property of ₹520 lakhs.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### 3(iv) Capital work in progress ageing is given below :

| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Projects in progress | 307.04 | 6.30 | 6.42 | 236.45 | 556.21 |
| | *15.19* | *6.42* | *-* | *236.87* | *258.48* |
| Projects temporarily suspended | - | - | - | - | - |
| | *-* | *-* | *-* | *-* | *-* |
| | **307.04** | **6.30** | **6.42** | **236.45** | **556.21** |
| | *15.19* | *6.42* | *-* | *236.87* | *258.48* |

Figure in italic are for previous year

3(v) There are no intangible assets under development.

3(vi) All the title deeds are held in the name of the Company except the ones which are disclosed in Note 39 (c).

3(vii) The company has entered into a term sheet for transfer of Leasehold rights of land with developer and development of fully fitted lease of Ginger Hotel Paradip for 60 years.

3(viii) The Company had filed a claim for Government subsidy in 2020 with the Commissionerate of Tourism Government of Gujarat under Tourism Policy 2015-20 for its capital investment in Sanand, which had since commenced operations on 07th August 2019. During the year, the Company's claim application was approved and on December 17, 2022, the Company received an amount of capital subsidy of Rs. 58.90 lakhs. Claims received has been reduced against the assets and accordingly depreciation in future years would be lower.

### Note 3b : Depreciation and amortisation expenses

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Depreciation on Property, Plant and Equipment | 2,140.22 | 2,103.69 |
| Depreciation of Right-of-use Assets | 1,605.00 | 1,558.79 |
| Amortisation on Intangible Assets | 98.97 | 128.26 |
| | **3,844.19** | **3,790.75** |

## Note 4 : Financial Assets

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **(a) Non Current Financial Assets** | | |
| Other than related parties | | |
| Long-term security deposits | | |
| Hotel Properties | 851.20 | 791.36 |
| Public bodies and Others | 347.31 | 322.21 |
| | **1,198.51** | **1,113.57** |
| **(b) Current Financial Assets** | | |
| Other than related parties | | |
| Other Financial Assets | 9.68 | 10.68 |
| Interest Accrued on Deposits | 1.21 | 0.99 |
| | **10.89** | **11.67** |
| Cost reimbursement receivable from Managed Properties | 453.56 | 412.90 |
| Less: Provision for Credit Impaired financial asset | - | (58.58) |
| | **453.56** | **354.32** |
| | **464.45** | **365.99** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 5 : Advance Income Tax

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Income Tax Assets** | 999.80 | 806.72 |
| (Net of Provision for Tax ₹Nil , Previous year ₹Nil) | | |
| | **999.80** | **806.72** |

## Note 6 : Other Assets

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **(a) Other Non Current Assets** | | |
| Prepaid Expenses | 367.89 | 403.65 |
| Capital Advances | 404.49 | 215.31 |
| Contract Fulfillment costs (Refer Note 37 (ii) (b)) | 358.55 | 374.43 |
| Balance with Government authorities | 103.56 | 164.44 |
| | **1,234.49** | **1,157.83** |
| Advance to Suppliers | 99.46 | 141.43 |
| Less: Allowance for Doubtful Advance | (52.37) | - |
| | **47.09** | **141.43** |
| | **1,281.58** | **1,299.26** |
| **(b) Other Current Assets** | | |
| Prepaid Expenses | 202.13 | 216.56 |
| Balance with Government authorities | 783.92 | 841.23 |
| Contract Fulfillment costs (Refer Note 37 (ii) (b)) | 12.94 | 13.02 |
| Advance to Suppliers | 899.78 | 245.08 |
| Advances to employees | 33.61 | 15.75 |
| | **1,932.38** | **1,331.64** |

Note: The Company has not granted any Loans or advances to Promotors, Directors, KMP and related parties

## Note 7 : Inventories (At lower of cost and net realisable value)

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Stores and Operating Supplies | 220.90 | 202.91 |
| Stock Food and Beverage | 64.47 | 36.40 |
| | **285.37** | **239.31** |

Note: The Company has written off the inventory amount of ₹0.80 lakhs (Previous Year ₹Nil) during the financial year.

## Note 8 : Investments

| | | March 31, 2023 ₹ lakhs | | March 31, 2022 ₹ lakhs |
|---|---|---|---|---|
| **Current Investments** | | | | |
| **Carried at fair value through profit and loss:** | | | | |
| **Investments in Mutual Fund Units (Unquoted )** | Units | | Units | |
| ICICI Prudential Overnight Fund Growth | 21,937.92 | 263.99 | - | - |
| SBI Overnight Fund - Regular Plan - Growth | 12,932.29 | 466.64 | - | - |
| | | **730.63** | | **-** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 9 : Trade Receivables

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Unsecured** | | |
| Considered good | 2,651.61 | 1,542.58 |
| Credit impaired | 553.45 | 461.42 |
| | **3,205.06** | **2,004.00** |
| Less : Allowance for trade receivables credit impaired | (553.45) | (461.42) |
| | **2,651.61** | **1,542.58** |

Footnote:

### i) Allowance for Trade receivable credit impaired

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Opening Balance | 461.42 | 632.84 |
| Add: Allowance during the year | 136.62 | (66.12) |
| | **598.04** | **566.72** |
| Less: Bad Debts written off against past provision | (44.59) | (105.30) |
| **Closing Balance** | **553.45** | **461.42** |

### ii) Trade Receivables ageing schedule given below:

| | Outstanding for following periods from transction date | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| a. Undisputed Trade receivables – considered good | 394.46 | 2,035.92 | 231.57 | (37.52) | (4.57) | 31.75 | 2,651.61 |
| | *349.46* | *758.24* | *137.00* | *114.55* | *138.22* | *45.12* | *1,542.58* |
| b. Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| c. Undisputed Trade Receivables – credit impaired | - | - | - | 148.17 | 95.12 | 310.16 | 553.45 |
| | - | - | - | *105.77* | *107.59* | *248.05* | *461.42* |
| d. Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| e. Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| f. Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| **Total** | **394.46** | **2,035.92** | **231.57** | **110.65** | **90.55** | **341.91** | **3,205.06** |
| | *349.46* | *758.24* | *137.00* | *220.33* | *245.81* | *293.17* | *2,004.00* |
| Less : Allowance for credit impaired | - | - | - | (148.17) | (95.12) | (310.16) | (553.45) |
| | - | - | - | *(105.77)* | *(107.59)* | *(248.05)* | *(461.42)* |
| **Net Trade Receivables** | **394.46** | **2,035.92** | **231.57** | **(37.52)** | **(4.57)** | **31.75** | **2,651.61** |
| | *349.46* | *758.24* | *137.00* | *114.55* | *138.22* | *45.12* | *1,542.58* |

* Figure in italic are for previous year

(iii) For related party balances refer Note 32.

(iv) ‘Trade Receivables include debts due from Directors - ₹Nil (Previous year - ₹Nil) in the ordinary course of business.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 10 : Cash and Cash Equivalents

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Cash on hand | 1.66 | 0.71 |
| Cash in Transit | 5.41 | 4.88 |
| Balances with bank in current account | 364.36 | 362.19 |
| | **371.43** | **367.78** |

## Note 11 : Equity Share Capital

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Authorised Share Capital** | | |
| Equity Shares | | |
| 10,00,00,000 Equity Shares of ₹10 each | 10,000.00 | 10,000.00 |
| Preference Shares | | |
| 1,50,00,000 Preference Shares of ₹100/- each | 15,000.00 | 15,000.00 |
| | **25,000.00** | **25,000.00** |
| **Issued, subscribed and fully paid-up** | | |
| Equity Shares | | |
| 9,90,22,217 (Previous year 9,40,33,729) Equity shares of ₹10/- each fully paid-up | 9,902.22 | 9,403.37 |
| | **9,902.22** | **9,403.37** |

Footnotes:

**(i)** The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ lakhs | No. of shares | ₹ lakhs |
| As at the beginning of the year | 9,40,33,729 | 9,403.37 | 9,40,33,729 | 9,403.37 |
| Add : Shares issued on Rights basis | 49,88,488 | 498.85 | - | - |
| As at the end of the year | **9,90,22,217** | **9,902.22** | **9,40,33,729** | **9,403.37** |

**(iii) Shareholders holding more than 5% shares in the Company :**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| **Equity shares of ₹10 each fully paid** | | | | |
| The Indian Hotels Company Limited, Holding Company | 9,90,22,217 | 100.0 | 9,14,19,350 | 97.2 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### (iv) Disclosure of Shareholding of Promoters

| | March 31, 2023 | | March 31, 2022 | | Change in % of holding |
|---|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding | |
| **Equity shares of ₹10 each fully paid** | | | | | |
| The Indian Hotels Company Limited, Holding Company | 9,90,22,217 | 100.0 | 9,14,19,350 | 97.2 | 3% |

| | March 31, 2022 | | March 31, 2021 | | Change in % of holding |
|---|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding | |
| **Equity shares of ₹10 each fully paid** | | | | | |
| The Indian Hotels Company Limited, Holding Company | 9,14,19,350 | 97.2 | 5,65,67,994 | 60.2 | 62% |

## Note 12 : Other Equity

| | | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| (a) | **Securities Premium Account** | | |
| | Opening Balance | 31,912.37 | 31,912.37 |
| | Add: Premium on issue of equity shares on rights basis | 6,001.15 | - |
| | **Closing Balance** | **37,913.52** | **31,912.37** |
| (b) | **Retained Earnings** | | |
| | Opening Balance | (30,150.69) | (26,779.73) |
| | Add: Current year Profit (Loss) | 7,113.62 | (3,390.47) |
| | Add : Other Comphrensive Income - Defined Benefit Obligations | 15.52 | 19.51 |
| | **Closing Balance** | **(23,021.55)** | **(30,150.69)** |
| | **Total** | **14,891.97** | **1,761.68** |

### Note:

### Nature and purpose of reserves

1 Securities Premium Reserve comprises of premium on issue of shares and is utilised in accordance with the provisons of the Companies Act’ 2013

2 Retained Earnings represent accumulated losses

## Note 13 : Borrowings

| | | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| (a) | **Long term borrowings** | | |
| | Term Loan from Banks | | |
| | Secured (refer footnote i , ii and iv ) | - | 3,969.58 |
| | Inter Company Deposits (refer footnote vii) | - | 5,000.00 |
| | | **-** | **8,969.58** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

| | | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **(b)** | **Short term borrowings** | | |
| | Secured- Current maturities of Long term borrowings (refer footnote iii, v and vi ) | - | 472.70 |
| | Loan Repayable on demand from bank (refer footnote iii) | - | 255.02 |
| | Secured - Loan Repayable on demand from bank (refer footnote v) | - | 1,000.00 |
| | | **-** | **1,727.72** |

**Footnotes:**

(i) The Company had created a charge by way of hypothecation and mortgage of 2 hotel properties namely Ginger Nashik, Ginger Bhubaneshwar.

The Company had obtained a secured loan facility from Kotak Bank for ₹915 lakhs under ECLGS 2.0 Scheme which carries variable interest rate of 1 Year MCLR + 60bps effective interest as at March 31, 2022 7.95% payable at monthly interest. The Company has repaid the total loan amount of ₹915 lakhs during the financial year, Outstanding loan as at March 31, 2023 is ₹NIL(Previous year March 31, 2022 ₹915 lakhs). The Company is in process of getting the charge released on properties.

The Company had obtained a secured loan facility from Kotak Bank for ₹915 lakhs under ECLGS 3.0 Scheme which carries variable interest rate of 1 Year MCLR + 25bps effective interest as at March 31, 2022 7.50% payable at monthly interest. The Company has repaid the total loan amount of ₹915 lakhs during the financial year Outstanding loan as at March 31, 2023 is ₹NIL(Previous year March 31, 2022 ₹915 lakhs)

Second charged has been created on existing properties as per guidelines of ECLGS Scheme and the Company is in process of getting the charge released on properties.

(ii) The Company had obtained loan of ₹1,000 lakhs from HDFC Bank Ltd under ECLGS 2.0 Scheme which carries variable interest rate of 1 year MCLR + 5bps effective interest as at March 31, 2022 7.10% payable at monthly Interest .The Company has repaid the total loan amount of ₹1000 lakhs during the financial year, Outstanding loan as at March 31, 2023 ₹NIL (Previous year March 31, 2022 ₹1,000 lakhs).

The Company had obtained loan of ₹1,000 lakhs from HDFC Bank Ltd under ECLGS 3.0 Scheme which carries variable interest rate of 1 year MCLR + 5bps effective interest as at March 31, 2022 7.10% payable at monthly Interest . The Company has repaid the total loan amount of ₹1000 lakhs during the financial year Outstanding loan as at March 31, 2023 ₹NIL (Previous year March 31, 2022 ₹1,000 lakhs).

(iii) The Company has sanction of ₹2,000 lakhs Overdraft Facility (Previous Year ₹2,000 lakhs) from Axis Bank Ltd secured against current assets carries variable interest rate of 1 month MCLR + 0.4bps. The outstanding balance as at March 31,2023 ₹NIL (Previous Year March 31, 2022 ₹91.89 lakh).

The Company has obtained sanction of ₹750 lakhs Overdraft Facility from Kotak Bank Ltd which carries variable interest rate of 6 month MCLR + 0.5bps. The outstanding balance as at 31 March, 2023 ₹NIL (Previous Year March 31, 2022 ₹168 lakh).

The Company has obtained sanction of ₹50 lakhs Overdraft Facility from HDFC Bank Ltd which carries variable interest rate of 6 month MCLR + 0.5bps. The outstanding balance as at March 31, 2023 ₹NIL (Previous Year March 31, 2022 ₹NIL lakh).

(iv) The Company had obtained loan of ₹315 lakhs from AXIS Bank Ltd under ECLGS 2.0 Scheme which carries variable interest rate of 1 year MCLR + 0.25bps effective interest as at March 31, 2022 7.60% payable at monthly interest . The Company has repaid the total loan amount of ₹315 lakhs during the financial year. Outstanding loan as at March 31,2023 ₹NIL (Previous year March 31,2022 ₹315 lakh).

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

The Company had obtained loan of ₹315 lakh from AXIS Bank Ltd under ECLGS 3.0 Scheme which carries variable interest rate of 1 year MCLR + 5bps effective interest as at March 31, 2022 7.60% payable at monthly interest. The Company has repaid the total loan amount of ₹315 lakhs during the financial year. Outstanding loan as at March 31,2023 ₹NIL (Previous year March 31,2022 ₹315 lakh).

Second charged had been created on existing properties as per guidelines of ECLGS Scheme.

(v) The Company had obtained a secured short term loan facility from Axis Bank for ₹1,000 lakh which carries variable interest rate of 6 month MCLR + 0.5bps effective interest as at March 31, 2022 7.80% payable at monthly interest. The Company has repaid the total loan amount of ₹1000 lakhs during the financial year. Outstanding loan as at March 31, 2023 ₹NIL ( Previous year ₹1,000 lakh)

(vi) The Company is required to furnish financial information as per sanction letters with;

(a) Axis Bank

(b) Kotak Bank

(C) HDFC Bank

Company has furnished all information within timeline.

(vii) In the previous year the Company had taken ICD of ₹5,000 lakhs from holding company The Indian Hotels Company Ltd. at interest rate of 8% and the Company has repaid the total ICD amount of ₹5,000 lakhs during the financial year. Outstanding Amount as at March 31,2023 ₹NIL (Previous Year 5000 lakhs).

**Footnotes:**

Disclosure of changes in liabilities arising from financing activities (read with cash flow statement)

This section sets out an analysis of net debt and the movement in net debt for each of the periods presented below.

| | | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **a)** | **Financial liability statement** | | |
| | **Net debt** | | |
| | Cash and cash equivalents | 371.43 | 367.78 |
| | Other balances with Banks | - | - |
| | Current investments | 730.63 | - |
| | **Total Liquid investment (a)** | **1,102.06** | **367.78** |
| | Long term borrowings (including current maturities shown under Other Current financial liabilities) | - | 9,446.66 |
| | Short term borrowings | - | 1,255.02 |
| | **Gross Debt (b)** | **-** | **10,701.67** |
| **b)** | **Net Debt ( (b) - (a) )** | (1,102.06) | 10,333.90 |
| | Other financial liabilities | | |
| | Interest accrued but not due / Unclaimed interest | - | 27.30 |
| | **Total Other financial liabilities** | **-** | **27.30** |
| | **Grand Total** | **(1,102.06)** | **10,361.20** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 13 : Borrowings (Contd.)

₹ lakhs

| | Liquid Assets | | | Liabilities from Financing activities | | | |
|---|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Other balances with Banks | Current Investments | Gross Debt | Net Debt | Interest accrued but not due / Unclaimed interest | Total |
| | (a) | b) | ( c) | ( d) | (e) = (d)-(a)-(b)-( c) | ( f) | (g) = ( e) + (f) |
| **Net Debt as at March 31, 2022** | 367.78 | - | - | 10,701.67 | 10,333.89 | 27.30 | 10,361.19 |
| Cash flows | 3.65 | - | 673.07 | (10,719.38) | (11,396.10) | - | (11,396.10) |
| Interest expense | - | - | - | - | - | 315.04 | 315.04 |
| Interest paid | - | - | - | - | - | (342.34) | (342.34) |
| Added to Borrowings | - | - | - | - | - | - | - |
| Amortisation cost | | | | 17.71 | 17.71 | - | 17.71 |
| Fair value adjustments | - | - | 57.56 | - | (57.56) | - | (57.56) |
| **Net Debt as at March 31, 2023** | **371.43** | **-** | **730.63** | **-** | **(1,102.06)** | **-** | **(1,102.06)** |

₹ lakhs

| | Liquid Assets | | | Liabilities from Financing activities | | | |
|---|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Other balances with Banks | Current Investments | Gross Debt | Net Debt | Interest accrued but not due / Unclaimed interest | Total |
| | (a) | b) | ( c) | ( d) | (e) = (d)-(a)-(b)-( c) | ( f) | (g) = ( e) + (f) |
| **Net Debt as at March 31, 2021** | 193.82 | - | - | 9,737.70 | 9,543.88 | 47.42 | 9,591.30 |
| Cash flows | 173.96 | - | (7.93) | 970.83 | 804.80 | - | 804.80 |
| Interest expense | - | - | - | - | - | 896.36 | 896.36 |
| Interest paid | - | - | - | - | - | (916.48) | (916.48) |
| Other non- cash movements: | - | - | - | - | - | - | - |
| Added to Borrowings | - | - | - | - | - | - | - |
| Amortisation cost | | | | (6.84) | (6.84) | - | (6.84) |
| Fair value adjustments | - | - | 7.93 | - | (7.93) | - | (7.93) |
| **Net Debt as at March 31, 2022** | **367.78** | **-** | **-** | **10,701.68** | **10,333.90** | **27.30** | **10,361.20** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 14: Other Financial Liabilities

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **(a) Other Non Current financial liabilities** | | |
| Contractor's Retention Money | - | 2.72 |
| | **-** | **2.72** |
| **(b) Other Current financial liabilities** | | |
| Interest accrued but not due on borrowings on term loan | - | 27.30 |
| Creditors for capital expenditure | 347.98 | 301.94 |
| Contractor's Retention Money | 28.17 | 199.29 |
| Security Deposits | 26.82 | 42.99 |
| Other Payables (Outsourced Food and Beverage Partners) | 53.41 | 111.25 |
| Employee related liabilities | 209.70 | 165.53 |
| | **666.08** | **848.30** |

## Note 15 : Provisions

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **(a) Non Current provisions** | | |
| Employee Benefit Obligation | | |
| Compensated absences | 74.56 | 125.10 |
| Gratuity (Refer note 31) | 124.51 | 193.43 |
| | **199.07** | **318.53** |
| **(b) Current provisions** | | |
| Employee Benefit Obligation | | |
| Compensated absences | 13.45 | 22.29 |
| Gratuity (Refer note 31) | 14.69 | 22.31 |
| | **28.14** | **44.60** |

## Note 16: Trade Payables

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Dues of small enterprises and micro enterprises ( Refer Footnote (i) and (ii) ) | 33.26 | 32.29 |
| | **33.26** | **32.29** |
| Dues of creditors other than small enterprises and micro enterprises. | | |
| Vendor Payables | 1,970.87 | 2,427.07 |
| Accrued expenses and others | 2,259.81 | 1,861.63 |
| | **4,230.68** | **4,288.70** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Trade Payables ageing schedule given below :

| | Outstanding for following periods from transaction date | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | 26.21 | 6.45 | 0.04 | 0.56 | 33.26 |
| | - | *32.12* | *0.17* | - | - | *32.29* |
| (ii) Others | 2,253.19 | 1,802.39 | 148.31 | 10.35 | 16.44 | 4,230.68 |
| | *1,912.42* | *2,319.45* | *23.12* | *9.20* | *24.50* | *4,288.70* |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | **2,253.19** | **1,828.60** | **154.76** | **10.39** | **17.00** | **4,263.94** |
| | *1,912.42* | *2,351.58* | *23.29* | *9.20* | *24.50* | *4,320.99* |

* Figure in italic are for previous year

### Footnotes:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| (a) The principal amount remaining unpaid to supplier as at the end of the accounting year | 30.96 | 32.13 |
| (b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year | 2.30 | 0.16 |
| (c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year. | - | - |
| (d) The amount of interest due and payable for the year | - | - |
| (e) The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

(iii) For related party balances refer Note 32.

## Note 17 : Other Liabilities

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **(a) Non Current** | | |
| Advances collected from customers | 653.37 | 1,077.99 |
| | **653.37** | **1,077.99** |
| **(b) Current liablities** | | |
| Advances collected from customers( Ind as 115, note 37(iii)) | 1,178.31 | 999.59 |
| Statutory Dues | | |
| Tax Deducted at Source | 170.55 | 146.66 |
| Cess Payable | 170.07 | 165.07 |
| Goods & Services Tax | 133.23 | 36.68 |
| Payable for Provident funds and others | 35.15 | 28.78 |
| | **1,687.31** | **1,376.78** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 18 : Revenue from Operations

| | March 31, 2023<br>₹ lakhs | March 31, 2022<br>₹ lakhs |
|---|---|---|
| Room Income, Food, Restaurants Income | 28,103.84 | 15,170.63 |
| Rental Income | 240.63 | 264.61 |
| Management and operating fees | 1,936.36 | 1,446.36 |
| Other Operating Income | 170.62 | 206.17 |
| (Other operating revenue includes laundry income and miscellaneous income) | | |
| | **30,451.45** | **17,087.77** |

## Note 19 : Other Income

| | March 31, 2023<br>₹ lakhs | March 31, 2022<br>₹ lakhs |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks | 22.95 | 74.50 |
| Amortisation of Interest on security deposits and other deposits | 105.36 | 95.73 |
| | **128.31** | **170.23** |
| **Gain on investments carried at fair value through statement of profit and loss** | 57.56 | 7.93 |
| **Others** | | |
| Liabilities no longer required written back | 0.29 | 0.41 |
| **Miscellaneous Income** | | |
| Insurance Claim | - | 165.64 |
| Lease Waiver due to Force Majeur Clause | 2.58 | 468.47 |
| Other Miscellaneous Income | 27.77 | 14.93 |
| Reversal of Provision for doubtful trade and other receivables | - | 31.75 |
| | **216.51** | **859.36** |

## Note 20 : Food and Beverages Consumed

| | March 31, 2023<br>₹ lakhs | March 31, 2022<br>₹ lakhs |
|---|---|---|
| Opening Stock | 36.40 | 24.38 |
| Add : Purchases | 1,264.52 | 740.09 |
| | **1,300.92** | **764.47** |
| Less : Closing Stock | 64.47 | 36.40 |
| | **1,236.45** | **728.07** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 21 : Employee Benefit Expenses and Payment to contractors

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Salaries, Wages, Bonus & Contact wages Net (Refer note 30) | 2,462.72 | 2,713.36 |
| Payment to contractors | 100.85 | 69.65 |
| Company's Contribution to Provident and Other Funds (Refer Note 31) | 187.55 | 152.53 |
| Retiring Gratuity (Refer Note 31) | 53.05 | 54.07 |
| Staff Welfare Expenses | 472.43 | 335.01 |
| | **3,276.60** | **3,324.61** |

## Note 22 : Finance costs

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Interest Expense at effective interest rate on borrowings which are measured at amortised cost | 304.71 | 692.72 |
| Interest Expense on working capital | 10.33 | 203.64 |
| Interest cost on lease liability (IndAS 116) (Refer note 28) | 3,629.43 | 3,591.18 |
| Interest Expense on advances from customer (Refer Note 37 (iii)) | 128.22 | 154.53 |
| | **4,072.69** | **4,642.07** |

## Note 23 : Other operating and general expenses

| | | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **(i)** | **Operating expenses consist of the following :** | | |
| | Linen and Room Supplies | 532.16 | 307.32 |
| | Housekeeping Charges | 1,163.11 | 806.24 |
| | Maintenance Charges | 483.03 | 385.48 |
| | Power and Fuel (Net) | 2,159.69 | 1,415.72 |
| | Water Charges | 113.21 | 89.73 |
| | Repairs to Buildings | 355.26 | 158.48 |
| | Repairs to Machinery | 529.02 | 418.46 |
| | Repairs to Others | 382.61 | 207.56 |
| | Security Charges | 588.18 | 479.92 |
| | Linen, Uniform Washing and Laundry Expenses | 413.67 | 226.68 |
| | Guest Hotel Expenses | 1,007.89 | 371.52 |
| | Travel Agent's Commission | 1,797.00 | 842.34 |
| | Collecting Agent's Commission | 175.44 | 74.82 |
| | Other Operating Expenses | 147.89 | 306.07 |
| | | **9,848.16** | **6,090.34** |
| **(ii)** | **General expenses consist of the following :** | | |
| | Rent (Refer Note 29) | 1,159.36 | 565.66 |
| | License Fees | 644.21 | 359.93 |
| | Rates and Taxes | 526.73 | 447.36 |
| | Insurance | 80.00 | 128.51 |
| | Advertising and Publicity | 368.65 | 168.06 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Printing and Stationery | 79.39 | 62.68 |
| Passage and Travelling | 90.52 | 82.99 |
| Legal and Professional Fees | 838.36 | 828.26 |
| Telephone and Communications Expenses | 533.48 | 490.05 |
| Director Sitting Fees | 4.00 | 21.00 |
| Provision for doubtful debts/Bad Debts wrritten off | 136.62 | - |
| Provision for doubtful advance | 52.37 | - |
| Loss (Profit) on Sale/Discard of Property, Plant and Equipment | 25.86 | 29.02 |
| Other Miscellaneous Expenses | 232.82 | 230.33 |
| Payment to Auditors | | |
| i. As Auditor | 51.28 | 48.12 |
| ii. For Taxation Audit | 7.00 | 6.00 |
| iii. For other Services | 1.10 | 1.52 |
| iv. For Reimbursement of Expenses | 3.18 | 1.52 |
| | **4,834.93** | **3,471.01** |
| | **14,683.09** | **9,561.35** |

## Note 24 : Exceptional Items

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Exceptional Items comprises the following: | | |
| Gain on sale of Mangalore property (refer note 37) | 1,202.23 | - |
| Gain on sale of Mysore property (refer note 37) | - | 712.49 |
| | **1,202.23** | **712.49** |

## Note 25. Tax Disclosures:

### Income Tax recognised in Profit and loss:

| Particulars | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Current Tax** | | |
| In respect of the current year | - | - |
| In respect of earlier years | - | - |
| | **-** | **-** |
| **Deferred Tax** | | |
| In respect of the current year | (2,356.45) | - |
| In respect of earlier years | - | - |
| | (2,356.45) | - |
| **Total tax expense recognised in the current year relating to continuing operations** | **(2,356.45)** | **-** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

**A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before tax is summarised below:**

| Particulars | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Profit before tax from continuing operations (a) | 4,757.17 | - |
| Income tax rate as applicable (b) | 26.00% | 26.00% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 1,236.86 | - |
| Tax effect arising out of: | | |
| Effect of income that are not taxable in determining taxable profit | (304.81) | - |
| Effect of expenses that are not deductible in determining taxable profit | 0.60 | - |
| Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets | (2,351.00) | - |
| Utilisation of Unused Tax Losses on which deferred tax assets not recognised earlier | (1,578.37) | - |
| Others | 640.27 | - |
| Income tax expense recognised in profit or loss (relating to continuing operations) | (2,356.45) | - |

Income tax recognised in other comprehensive income

| Particulars | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Current Tax | - | - |
| Deferred tax | | |
| (a) Arising on income and expenses recognised in other comprehensive income: | | |
| Re-measurement of defined benefit obligation | 5.45 | - |
| | **5.45** | **-** |

**The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:**

| Particulars | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Deferred Tax assets | 7,849.44 | 5,795.41 |
| Deferred Tax liabilities | (5,498.45) | (5,795.41) |
| **Net Deferred Tax Asset** | **2,351.00** | **-** |

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:**

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities):** | | | | |
| Property. Plant and equipment & Intangible Assets | (5,795.41) | 296.96 | - | (5,498.45) |
| Provision for Employee Benefits | 94.41 | (30.84) | (5.45) | 58.12 |
| Unused tax losses (Business) | 2,813.63 | 1,826.46 | - | 4,640.09 |
| Right-of-Use assets (net of Lease Liability) | 2,726.17 | 281.17 | - | 3,007.34 |
| Provision for Doubtful Debts | 161.20 | (17.30) | - | 143.90 |
| **Total Deferred tax assets / (liabilities)** | **-** | **2,356.45** | **(5.45)** | **2,351.00** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

Note:

A Deferred tax asset of ₹2,351 lakhs (PY – Nil) has been recognised by the Company on certain unused tax losses in the current year based on internal budgets, profit forecast prepared by the management and applying tax principals to those forecasts.

The Company has created deferred tax assets of ₹2,351 lakhs (PY - Nil) based on the reasonable certainty that it will be able to fully utilise its carry forward tax losses of ₹9,041.00 lakhs (comprising carried forward tax specified business loss and unabsorbed depreciation) in the subsequent years. Under the prevailing tax laws, the Company is allowed to set off unabsorbed depreciation and specified business tax losses for infinite period. The Company is reasonably certain that it will have sufficient future taxable income in the next year considering the growth trajectory and past performance that this deferred tax asset is fully recoverable. The management will continue to monitor and review these assets based on the profit forecasts in future.

The company has not recognised deferred tax assets of ₹2,204.26 lakhs (PY ₹6,155.55 lakhs) on loss amount of ₹8,477.94 lakhs (PY ₹23,675.19 lakhs) as on balance sheet date.

The Company has reviewed its income tax treatments in order to determine whether Appendix C of Ind AS 12 effective from 1 April 2019 could have an impact on the Financial statements and concluded that it has no material impact on the Company's financial statements.

As a practice, where the interpretation of income tax law is not clear, management relies on some or all of the following factors to determine the probability of its acceptance by the tax authority:

- Strength of technical and judicial argument and clarity of the legislation
- Past experience related to similar tax treatments in its own case
- Legal and professional advice or case law related to other entities

After analysing above factors for each of such uncertain tax treatments, where the Company expects that the probability of sustain its position on ultimate resolution of such uncertain tax treatment is remote, the Company ensures that such uncertain tax positions are adequately provided for in the financial statements.

## Note 26. Contingent Liabilities (to the extent not provided for):

There are matters in appellate, judicial and arbitration proceedings (including those described below) arising during conduct of the Company's business. Some of these proceedings in respect of matters under litigation are in early stages, and in some other cases, the claims are indeterminate.

### (a) On account of matters in dispute:

(i) Amounts in respect of claims (excluding interest and penalties) asserted by various revenue authorities on the Company, in respect of taxes, etc. which are in dispute, are as under:

| Nature | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| **Dues not acknowledged as Debts** | | |
| Property Tax ** | 166.46 | 166.46 |
| | **166.46** | **166.46** |

**₹50 lakhs paid under protest to New Delhi Municipal Council.

(ii) In respect of Income Tax matters, the Company's appeals are pending, and the said amounts have been paid/ adjusted and will be recovered as refund if the matters are decided in favor of the Company.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

**(b) On account of guarantees given:**

No guarantees have been given in the current financial year.

**(c) On account of lease agreement:**

In respect of one of the erstwhile hotel's building taken on lease by the Company at Ludhiana, basis representations and assurances given, the possession of the hotel after execution of Agreement to Lease (ATL) was taken by the Company. The Company is of the opinion that the person claiming ownership is false as the ownership of an immovable property can alone be transferred by a registered document after payment of proper stamp duty and registration charges and not on the basis of sole unregistered agreement to sale of the hotel. The Company has filed a suit against the lessor to claim ₹937.02 lakhs as the amount invested in the hotel along with interest due to their false and fraudulent misrepresentation and non-fulfilment of contractual obligations. The respondent sought an arbitration against company and counter claimed rent of ₹4,370.07 lakhs (after adjusting security deposit of ₹28.50 lakhs) for the alleged unexpired period of lease. Based upon the legal advice, the Company believes these claims to be untenable and has obtained a stay order from Hon'ble Supreme Court against the arbitration proceedings.

**(d) Others:**

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

(i) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

(ii) the proceedings are in early stages;

(iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations;

(iv) there are significant factual issues to be resolved; and/or there are novel legal issues presented.

The Company's management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Company's financial statements, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

## Note 27. Capital Commitments:

Commitment includes the amount of purchase order (Net of Advance) issued to parties for completion of assets. Estimated value of contracts remaining to be executed on capital account not provided for is ₹4,321.52 lakhs (Previous year – ₹555.14 lakhs).

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Note 28. Measurement of Financial Assets and Liabilities:

All financial assets and liabilities are subsequently carried at amortised costs and the fair value of financial assets and liabilities approximate their respective amortised costs.

₹ in lakhs

| | Level | Total Carrying Cost | |
|---|---|---|---|
| | | As at March 31, 2023 | As at March 31, 2022 |
| **Financial Assets** | | | |
| **Measured at fair values** | | | |
| Mutual Fund | Level 1 | 730.63 | - |
| **Not Measured at fair value** | | | |
| Trade receivables | | 2,651.61 | 1,542.57 |
| Cash and cash equivalents | | 371.43 | 367.78 |
| Other financial assets | | 464.45 | 365.99 |
| Security Deposits | | 1,198.51 | 1,113.57 |
| **Financial Labilities** | | | |
| **Not Measured at fair value** | | | |
| Borrowings | Level 3 | - | 10,697.31 |
| Other financial liabilities | | 666.08 | 851.01 |
| Lease Liabilities | | 36,890.66 | 36,485.97 |
| Trade payables | | 4,263.94 | 4,320.99 |

The Company has not disclosed the fair value of financial assets such as trade receivables, short term loans, deposits etc. and financial liabilities such as trade payable because their carrying amounts are a reasonable approximation of fair value.

The carrying amounts of the borrowings that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Measurement of fair values

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:- Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

### Lease Ind AS 116:

#### Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could be different from expectations.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### Maturity Analysis

| Particulars | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Not later than one year | 4,314.27 | 4,221.97 |
| Later than one year but not later than five years | 17,406.83 | 16,918.97 |
| Later than five years | 1,02,006.37 | 1,05,680.58 |
| | **1,23,727.47** | **1,26,821.52** |

In addition, in certain circumstances the Company is committed to making additional lease payments that are contingent on the performance of the hotels that are being leased.

| Analysed as: | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Non-Current | 36,015.67 | 35,674.98 |
| Current | 874.99 | 810.99 |
| **Total** | **36,890.66** | **36,485.97** |

The Current Portion of the lease liability is excluding the interest component on the lease liability. Actual Lease Payments (including notional interest as per Ind AS 116) would be ₹4,314.27 lakh (PY ₹4,101.97 lakhs). Also, refer to the Maturity Analysis of the Lease Payments.

### Right-of-use Assets Schedule

₹ in lakhs

| Particulars | Leased Land | Owned Building on Leased Land | Property - Leased | Total |
|---|---|---|---|---|
| **Gross Block at Cost** | | | | |
| **At April 1, 2022** | 3,910.91 | 19,730.31 | 6,972.88 | 30,614.10 |
| Additions | - | - | 1,089.65 | 1,089.65 |
| Deduction for the year | - | 82.44 | 262.57 | 345.01 |
| **As at March, 2023** | **3,910.91** | **19,647.87** | **7,799.96** | **31,358.74** |
| **Depreciation** | | | | |
| **At April 1, 2022** | 268.39 | 2,808.99 | 1,536.01 | 4,613.39 |
| Charge for the year | 86.83 | 1,016.18 | 501.99 | 1,605.00 |
| Deductions for the year | - | 82.44 | 237.92 | 320.36 |
| **As at March, 2023** | **355.22** | **3,742.73** | **1,800.08** | **5,898.03** |
| **Net Block** | | | | |
| **As at March, 2023** | **3,555.69** | **15,905.13** | **5,999.88** | **25,460.71** |
| **As at March, 2022** | **3,642.52** | **16,921.32** | **5,346.87** | **26,000.71** |

The total cash outflow for leases is ₹5,233.77 lakh (PY ₹4,094.50 lakh) for the year ended 31st March 2023, including cash outflow of variable leases, short-term leases and leases of low-value assets of ₹1,159.36 lakh (PY ₹565.66 lakh). Interest on lease liabilities is ₹3,629.43 lakh (PY ₹3,591.18 lakh) for the year ended 31st March 2023.

The net impact due to Ind AS 116 in the current year is ₹1,010.92 lakh (PY ₹1,008.08) lakh in the statement of Profit and Loss account.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 29. Capitalisation/Reimbursement of Expenses from Salaries and Wages:

Following expenses are disclosed in the Statement of Profit and Loss, at net of amounts capitalised for projects and recoveries made under management contract:

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Salaries and Wages | 2,862.20 | 2,925.22 |
| Less : Salary Capitalised | 29.38 | - |
| Less: Recoveries made under Management contracts | 269.25 | 142.22 |
| **Salaries and Wages (Net)** | **2,563.57** | **2,783.00** |

## Note 30. Employee Benefits:

(a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries):

| | March 31, 2023 ₹ lakhs | March 31, 2022 ₹ lakhs |
|---|---|---|
| Provident Fund * | 160.10 | 137.00 |
| **Total** | **160.10** | **137.00** |

* In light of the Supreme Court judgement dated February 28, 2019 regarding the definition of wages for calculation of Provident fund contribution, the Company as advised, on a prudent basis, has provided for the liability prospectively from date of judgement.

### The Company operates post-retirement defined benefit plans – Gratuity (Unfunded)

The Company's gratuity benefit scheme is a defined benefit plan (unfunded). The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the standalone statement of profit and loss except remeasurement of Defined Benefit Obligations which is recognised in Other Comprehensive Income. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. When the benefits of plan are improved, the portion of the increased benefit related to past service by employees is recognised in the standalone statement of profit and loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

### (b) Defined Benefit Plans – As per Actuarial Valuation on March 31, 2023: -

### (i) Amount to be recognized in Balance Sheet and movement in net liability

₹ in lakhs

| Particulars | Gratuity | |
|---|---|---|
| | Un Funded | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Present Value of Unfunded Obligations | 139.19 | 215.74 |
| **Net (Asset) / Liability** | **139.19** | **215.74** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## (ii) Expenses recognised in the Statement of Profit & Loss

₹ in lakhs

| Particulars | Gratuity | |
|---|---|---|
| | Un Funded | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Current Service Cost | 40.02 | 40.33 |
| Past Service Cost | (0.89) | - |
| Interest Cost | 13.91 | 13.74 |
| **Total** | **53.04** | **54.07** |

## (iii) Expenses recognized in Other Comprehensive Income (OCI)-

₹ in lakhs

| Particulars | Gratuity | |
|---|---|---|
| | Un Funded | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening amount recognized in OCI outside Profit and Loss | (29.60) | (10.09) |
| Remeasurements due to actuarial loss/ (gain) arising from: | | |
| Changes in financial assumptions | (6.90) | - |
| Experience adjustments | (14.07) | (19.51) |
| | **(50.57)** | **(29.60)** |

## (iv) Reconciliation of Defined Benefit Obligation

₹ in lakhs

| Particulars | Gratuity | |
|---|---|---|
| | Un Funded | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening Defined Benefit Obligation | 215.74 | 211.90 |
| Current Service Cost | 40.02 | 40.33 |
| Past Service Cost | (0.89) | - |
| Interest Cost | 13.91 | 13.74 |
| Change in Financial Assumptions | (6.90) | - |
| Experience adjustments | (14.06) | (19.51) |
| Benefits Paid | (21.44) | (26.48) |
| Impact of Liability assumed or (settled)* | (87.19) | 4.24 |
| **Closing Defined Benefit Obligation** | **139.19** | **215.74** |

*On account of inter group transfer of employees during the year

## (v) Actuarial Assumptions

| Particulars | Gratuity | |
|---|---|---|
| | Un Funded | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Discount rate (p.a.) in % | 7.45% | 6.80% |
| Salary Escalation Rate (p.a.) in % | 5.00% | 5.00% |
| Mortality Post-Retirement | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

1) **Discount Rate:**

   The discount rate is based on the prevailing market yields of Indian government securities as at 20th March 2023 for the estimated term of the obligations.

2) **Salary Escalation Rate:**

   The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factor.

### vi) Sensitivity Analysis

| Particulars | Gratuity | | | |
|---|---|---|---|---|
| | Unfunded | | | |
| | Discount Rate | | Salary Escalation | |
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| Impact of increase in 50 bps on DBO | (3.54) % | (3.24) % | 3.85% | 3.44% |
| Impact of decrease in 50 bps on DBO | 3.78% | 3.44% | (3.64) % | (3.27) % |

### vii) Expected future benefit payments

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Within one year | 14.69 | 22.31 |
| Between one and five years | 60.99 | 117.73 |
| After five years | 201.59 | 236.24 |
| Weighted average duration of the Defined Benefit Obligation (in years) | 7.31 | 6.67 |

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

**Note on Social Security Code:**

The date of implementation of the Code on Social Security, 2020 ('the Code') relating to employee benefits is yet to be notified by the Government and when implemented will impact the contributions by the Company towards benefits such as Provident Fund, Gratuity etc. The Company will assess the impact of the Code and give effect in the financial results when the Code and Rules thereunder are notified.

## Note 31. Related Party Disclosures:

### (a) The names of related parties of the Company are as under:

### i. Holding Company

| Name of the Company | Country of Incorporation |
|---|---|
| The Indian Hotels Company Limited | India |

### ii. Company having significant influence over Holding Company

| Name of the Company | Country of Incorporation |
|---|---|
| Tata Sons Limited (including its Subsidiaries and Joint Ventures) | India |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### iii. Subsidiary of Holding Company

| Name of the Company | Country of Incorporation |
|---|---|
| Ideal Ice Limited | India |

### iv. Subsidiaries and Joint Ventures of Company having significant influence over Holding Company

| Name of the Company | Country of Incorporation |
|---|---|
| Tata Consultancy Services Limited | India |
| Air India Limited | India |
| Voltas Limited | India |
| Tata Motors Limited | India |
| Tata Steel Limited | India |
| The Tata Power Company Limited | India |
| Tata Steel Utilities and Infrastructure Services Limited | India |

### v. Key Management Personnel

| Particulars | Relation |
|---|---|
| Deepika Rao (upto 30 April 2022) | Managing Director & CEO |

## (b) Details of related party transactions during the year

₹ in lakhs

| | Companies having Significant Influence | Key Management Personnel | Joint Venture of Holding Company | Fellow Subsidiary | Holding Company |
|---|---|---|---|---|---|
| Deputed staff in | - | - | - | - | 26.88 |
| | - | - | - | - | *8.47* |
| Interest Expense | - | - | - | - | 252.78 |
| | - | - | - | - | *1.10* |
| Interest Payable | - | - | - | - | - |
| | - | - | - | - | *1.10* |
| Intra Group Services – In | - | - | - | - | 40.00 |
| | - | - | - | - | - |
| Loyalty expense | - | - | - | - | 34.22 |
| | - | - | - | - | - |
| Management and Operating Fees Expense | - | - | - | 26.33 | 511.97 |
| | - | - | - | *0.06* | *288.88* |
| Operating/Licence fees expense | 1,894.72 | - | - | - | 2.19 |
| | *1,197.37* | - | - | - | *1.63* |
| Other Cost reimbursements | - | 0.76 | 3.41 | - | 239.09 |
| | - | - | *3.41* | - | *152.31* |
| Purchase of goods and Services | 1,437.45 | 0.03 | 4.14 | - | 11.37 |
| | *715.85* | - | - | - | *10.86* |
| Room Revenue | 4,028.02 | - | 4.70 | 1.27 | 11.64 |
| | *1,929.50* | - | *2.24* | - | *7.78* |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## (c) Details of related party outstanding balances at end of the year

₹ in lakhs

| | Companies having Significant Influence | Key Management Personnel | Joint Venture of Holding Company | Fellow Subsidiary | Holding Company |
|---|---|---|---|---|---|
| Balance Receivable | 1,299.90 | - | 1.41 | 0.67 | 5.12 |
| | *148.40* | - | *1.24* | - | *2.31* |
| Balance Payable | 84.43 | 0.06 | 0.06 | 0.07 | 150.23 |
| | *243.17* | - | *3.41* | *0.60* | *330.09* |
| Deposit Paid | - | - | - | 198.00 | - |
| | - | - | - | - | - |
| Deposit Received | - | - | - | 198.00 | - |
| | - | - | - | - | - |
| ICD Received | - | - | - | - | - |
| | - | - | - | - | *5,000.00* |
| ICD Repaid | - | - | - | - | 5,000.00 |
| | - | - | - | - | - |

## (d) Statement of Material Transactions

| S. No | Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|---|
| **I** | **The Indian Hotels Company Limited** | | |
| 1 | Room Revenue | 11.64 | 7.78 |
| 2 | Operating Fees & Expenses | 523.33 | 288.88 |
| 3 | Retirement benefits | 107.08 | - |
| 4 | Reimbursement Expenses | 131.97 | 152.31 |
| 5 | Deputed staff out | 26.88 | 8.47 |
| 6 | Interest paid | 252.78 | 1.10 |
| 7 | Operating Expense | 34.22 | 10.86 |
| 8 | Rental / leave and Licence Expenses | 2.19 | 1.63 |
| 9 | Inter Company Deposits Received | - | 5000.00 |
| 10 | Inter Company Deposits Outstanding | - | 5000.00 |
| 11 | Balance Receivable | 5.12 | 2.31 |
| 12 | Balance Payable | 150.23 | 330.09 |
| 13 | Interest Payable | - | 1.10 |
| 14 | Inter Company Deposits Repaid | 5000.00 | - |
| 15 | Intra Group Services- In | 40.00 | - |
| 16 | Issue of Equity shares | 6500.00 | - |
| **II** | **Ideal Ice Limited** | | |
| 1 | Operating Fees | 31.99 | 0.60 |
| 2 | Balance Payable | 5.73 | 0.60 |
| 3 | Deposit Paid | 198.00 | - |
| 4 | Deposit Received | 198.00 | - |
| **III** | **Tata Consultancy Services Limited** | | |
| 1 | Room Revenue | 685.31 | 1823.35 |
| 2 | Operating Expense | 382.84 | 552.50 |
| 3 | Balance Payable | 56.73 | 224.73 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

| S. No | Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|---|
| 4 | Balance Receivable | 280.44 | 97.54 |
| 5 | Management and operating fees | 1551.37 | 1197.37 |
| **IV** | **Air India Limited** | | |
| 1 | Room Revenue | 409.93 | 42.05 |
| 2 | Balance Receivable | 80.74 | 17.23 |
| **V** | **Tata Motors Limited** | | |
| 1 | Room Revenue | 359.03 | 34.94 |
| 2 | Balance Receivable | 111.26 | 50.55 |
| **VI** | **Tata Steel Limited** | | |
| 1 | Room Revenue | 1749.84 | 457.53 |
| 2 | Purchase Of Goods & Services | 232.72 | 44.42 |
| 3 | Operating Expense | 87.54 | - |
| 4 | Balance Receivable | 446.92 | 125.97 |
| **VII** | **The Tata Power Company Limited** | | |
| 1 | Room Revenue | 2.15 | 3.23 |
| 2 | Purchase of Goods & Services | 172.25 | 95.00 |
| 3 | Balance Receivable | 28.27 | 2.31 |
| **VIII** | **Tata Steel Utilities and Infrastructure Services Limited** | | |
| 1 | Room Revenue | 79.28 | 312.16 |
| 2 | Purchase of Goods & Services | 1.48 | - |
| 3 | Operating Fee | 255.82 | - |
| 4 | Balance Receivable | 149.23 | 37.90 |
| 5 | Balance Payable | 0.17 | - |
| **IX** | **Voltas Limited** | | |
| 1 | Purchase Of Goods & Services | 224.53 | 111.04 |
| 2 | Room Revenue | 15.15 | 1.97 |
| 3 | Balance Receivable (Including Advance) | 40.00 | - |
| 4 | Balance Payable | - | 11.27 |
| **X** | **Deepika Rao** | | |
| 1 | Managerial Remuneration (Refer Footnote) | 6.42 | 104.91 |

**Footnotes:**

Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.

## Note 33.Segment Information:

The Company's only business being hospitality services, disclosure of segment-wise information is not applicable under Ind AS 108 - 'Operating Segments' (Ind AS-108). There is no geographical segment to be reported since all the operations are undertaken in India.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Note 34. Earnings Per Share (EPS):

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share'

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit/(Loss) after tax (₹ in lakhs) | 7113.62 | (3,390.47) |
| Weighted Average no. of equity shares (Nos.) | 9,84,77,027 | 9,84,77,027 |
| Earnings per share – Basic (Amount ₹) | 7.22 | (3.44) |
| Face Value per Equity Share (Amount ₹) | 10 | 10 |

Note: Earnings per share for the year ended March 31, 2022 has been adjusted in respect of the Rights issue.

## Note 35. Financial risk management:

### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company's, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk

### a) Credit risk

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Sale limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

Please refer footnote (i) of Note 9 of the financials for Credit risk for trade receivable.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities, Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

### i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

₹ in lakhs

| March 31,2023 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| Term Loan | - | - | - | - | - |
| Overdraft Facility | - | - | - | - | - |
| Inter Corporate Deposit | - | - | - | - | - |
| Future Interest Payments | - | - | - | - | - |
| Lease Liabilities | 4,314.27 | 4,457.99 | 12,948.84 | 1,02,006.37 | 1,23,727.47 |
| Trade and other payables | 4,263.94 | - | - | - | 4,263.94 |
| Other Financial Liabilities | 666.08 | - | - | - | 666.08 |
| **Total Financial Liabilities** | **9,244.29** | **4,457.99** | **12,948.84** | **1,02,006.37** | **1,28,657.49** |

₹ in lakhs

| March 31,2022 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| Term Loan | 477.00 | 825.00 | 2,868.00 | 290.00 | 4,460.00 |
| Overdraft Facility | 1,255.02 | - | - | - | 1,255.02 |
| Inter Corporate Deposit | - | - | 5000.00 | - | 5,000.00 |
| Future Interest Payments * | 880.51 | 809.00 | 890.03 | 11.25 | 2,590.79 |
| Lease Liabilities | 4,221.97 | 4,168.43 | 12,750.54 | 1,05,680.58 | 1,26,821.52 |
| Trade and other payables | 4,320.99 | - | - | - | 4,320.99 |
| Other Financial Liabilities | 820.99 | 2.72 | - | - | 823.71 |
| **Total Financial Liabilities** | 11,856.48 | 5,661.15 | 21,048.57 | 1,05,120.83 | 1,43,687.03 |

* All interests are on floating interest rate.

### ii) Financing arrangements

The Company had access to undrawn overdraft facility of ₹2,800.00 lakh (PY ₹2,540.10 lakh) as on March 31, 2023.

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| **Expiring Within One Year:** | | |
| Bank Overdraft | 2,800.00 | 2,540.10 |
| **Total** | 2,800.00 | 2,540.10 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### iii) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet excluding overdraft) less cash and cash equivalents.

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Borrowings | 0.00 | 10,460.00 |
| Less : Cash & Cash equivalents | 371.43 | 367.78 |
| Net Borrowings | (371.43) | 10,092.20 |
| Equity | 24,794.19 | 11,165.05 |
| Gearing Ratio | - | 0.90 |

### c) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### i) Foreign currency risk

The unhedged foreign currency exposure payable is as under:

₹ in lakhs

| | Currency | March 31, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2022 |
|---|---|---|---|---|---|
| | | Foreign Currency | INR | Foreign Currency | INR |
| Trade Payable | USD | 38,098.71 | 31.50 | 47,630.96 | 36.11 |
| Trade Payable | EUR | - | - | 18,361.07 | 15.54 |
| Net Exposure | USD | 38,098.71 | 31.50 | 47,630.96 | 36.11 |
| | EUR | - | - | 18,361.07 | 15.54 |

*Sensitivity*

For the year ended March 31, 2023 and March 31, 2022 every 3% depreciation/ appreciation in the exchange rate between the Indian rupee and US dollar, shall not have material impact on the Company's profit before tax.

### ii) Interest rate risk

Where applicable the Company adopts a policy to hedge the interest rate movement in order to mitigate the risk with regards to floating rate linked loans based on the market outlook on interest rates.

## Note 36. Property Sale

During the Current year, the Company's property in Mangalore comprising land and hotel building was sold on 25th August 2022 for a consideration of ₹2,400.00 lakhs. The written down value of the above assets along with direct expenses & stock aggregated to ₹1,197.79 lakhs, accordingly a gain of ₹1,202.21 lakhs has been recognised in the Statement of Profit and Loss in the year 2022-23.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

During the Previous year, the Company's property in Mysore comprising land and hotel building was sold on 6 May'2021 for a consideration of ₹1,600.00 lakhs. The written down value of the above assets along with direct expenses aggregated to ₹887.51 lakhs, accordingly a gain of ₹712.49 lakhs has been recognised in the Statement of Profit and Loss in the year 2021-22.

## Note 37. Revenue from contracts with customers

**i) Details of revenue from contracts with customers recognized by the Company, net of indirect taxes in its Statement of Profit and Loss:**

| Revenue from operations | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| **Revenue from contract with customers** | | |
| Room Income, Food, Restaurants Income | 28,103.84 | 15,170.63 |
| Rental Income | 240.63 | 264.61 |
| Management and operating fees | 1,936.36 | 1,446.36 |
| Other Operating Revenue | 170.62 | 206.17 |
| **Total Revenue from operations** | **30,451.45** | **17,087.77** |

**ii) Contract Balances**

a) The contract liabilities primarily relate the advance consideration received from customers for which revenue is recognized when the performance obligation is over/ services delivered.

Advance Collections are recognized when payment is received before the related performance obligation is satisfied under the terms of the agreement with the customer. This includes advances received from the customer towards rooms/ restaurant revenues. Revenue is recognized once the performance obligation is met i.e. on room stay/ sale of food and beverages in line with the requirements of Ind AS 115 Revenue from Contract with Customers (Ind AS 115).

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| **Contract liabilities** | | |
| Advances collected from customers * | 1,178.31 | 999.59 |

* Considering the nature of business of the Company, the advance collections from customer and Income received in advance are generally materialised as revenue within the same operating

b) Contract Fulfillment costs are recognized as asset as per Ind AS 115 – Revenue from contracts with customer in the respect of Ginger Bangalore White Field as the Company expects to recover these costs on the basis of agreement. The company charges this cost in the statement of profit and lost over the period of Agreement.

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Gross Contract fulfilment cost | 387.45 | 390.69 |
| Less: Deductions during the year | 2.48 | |
| Less: Charged to Profit and Loss | 13.47 | 3.24 |
| **Net Contract fulfilment cost** | **371.50** | **387.45** |

**iii) Advance received from the customer for the more than 1 year**

The Company had received an advance for a hotel in Kalinganagar from Tata Steel Limited (TSL) of ₹1,800.00 lakh which is required to be offset over 60 months from the month in which operation of hotel commences as per the terms stipulated in the agreement. Based on management's assessment, there is significant financing component in the advance amount, hence the Company has recognized the interest expense for the same. The Company have recognized the interest cost

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

in the statement of Profit and Loss with corresponding adjustment to revenue over a period. The outstanding amount as on March 31, 2023 is ₹913.55 lakh.

The impact of Ind AS 115 on net worth of the Company is as follows in the current year-

| Particulars | As at March 31, 2023 ₹ lakhs | As at March 31, 2022 ₹ lakhs |
|---|---|---|
| Interest Expense Ind AS 115 | 128.22 | 154.52 |
| Less: Revenue Ind AS 115 | (123.06) | (82.95) |
| **Total Impact on Net Worth** | **5.16** | **71.57** |

## Note 38. Going Concern

### (A) Negative working capital:

As at the year end, the Company's current liabilities have exceeded its current assets by ₹1,084.59 lakh. Management is confident of its ability to generate adequate cash inflows from operations and has adequate funds available to meet its obligations.

### (B) Covid Note:

The business for the first quarter of previous year was impacted due to the outbreak of third wave of COVID-19. However, high pace of vaccinations, easing of COVID-19 restrictions and pent-up demand resulted in recovery, mainly in domestic leisure travel, in the second and subsequent quarters of financial year 2021-22.

During the current year, the Company saw strong rebound in the business aided by leisure travel and gradual pickup in business travel. The Company will continue to closely monitor any material changes to future economic conditions on account of COVID-19 to assess any possible impact on the Company.

## Note 39: Ratios and Explanations

### a. Ratios

| Sr No | Ratio | in times/% | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | 0.86 | 0.44 |
| b) | Debt – Equity | in times | Non - Current Borrowings + Current Borrowings | Total Equity | 0.00 | 0.96 |
| c) | Debt service coverage | in times | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | 0.72 | 0.34 |
| d) | Return on Equity | in % | Profit/(Loss) after tax | Average Total Equity | 40% | (26)% |
| e) | Inventory Turnover* | | NA | NA | NA | NA |
| f) | Trade Receivable Turnover | in days | Revenue from operations | Average Trade Receivables | 14.52 | 10.21 |
| g) | Trade Payable Turnover | in days | Total expenses - Depreciation - Interest - Payroll Cost | Average Trade Payables | 5.56 | 3.61 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

| Sr No | Ratio | in times/% | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|---|---|
| h) | Net Capital Turnover (Working Capital Turnover) | in times | Net Sales | Working Capital i.e. (Avg. Current Assets – Avg. Current Liabilities) | (9.63) | (2.40) |
| i) | Net Profit Ratio | in % | Profit/(Loss) after tax | Total Income | 23% | (19)% |
| j) | Return on capital employed | in % | EBIT | Avg. Equity + Avg. Debt + Avg. Leases | 15% | 2% |
| k) | Return on Investment* | in % | NA | NA | NA | NA |

* The Company has not presented the following ratios due to the reasons given below:

a. Inventory turnover ratio: since the Company holds inventory for consumption in the service of food and beverages and the proportion of such inventory is insignificant to Total Assets

b. Return on investments: since the Company does not holds any funds/investment.

### Explanations to variance in Ratios:

1. Debt Equity Ratio is Nil due to repayment of all Borrowings during the year.
2. Debt Service Coverage have changed more than 25% as compared to previous year due to principal payments of long term (including prepayment) during the year which was higher than last year.
3. Trade receivables turnover ratio increased due to better efficiency in collections
4. Net Profit Ratio, Net capital turnover ratio and Return on equity have improved which in line with increase in business volume and creation of DTA.
5. Return on Capital employed improved with improvement in operating margins and business volumes during the year.

## b) Transaction with Struck off Companies:

The Company has reviewed transactions and balances to identify if there are any transactions with struck off companies. To the extent information available on struck off companies data, the Company had transactions with 1 company which was struck off.

## c) Title deeds of leased assets not held in the name of the Company:

The title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date except in respect of:

| Description of property | Gross carrying value (in lakhs) | Held in the name of | Period held- indicate range, where appropriate | Reason for not being held in the name of the company |
|---|---|---|---|---|
| Commercial Building - Chennai Vadapalani | 707.25 | Dr. Sankar T.S.R. Mohanselvan | 11 years | The building is in the possession of the Company where the lease deed is yet to be registered in the name of the Company. |
| Commercial building - Cochi Kalamassery | 1,166.13 | Canton Residency Pvt. Ltd. | 1 Year 3 days | The building is in the possession of the Company where the lease deed is yet to be registered in the name of the Company. |
| Commercial Building- Chennai OMR | 91.09 | KVSN Properties Pvt. Ltd. (In addition to the Company, there are 7 other individuals) | 11 Days | The operations of the hotel started on 21 March 2023 and the registration of lease deed is in process. However there exists an agreement to lease with lessor. The company has not recognised Right-of-use on lease liability as on balance sheet date as it is applicable from 01st April 2023. |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

d) With reference to Schedule 16 - Borrowings of financial statements for the year ended March 31, 2023, all charges created/ satisfied during FY 2022-23 have been registered with the Ministry of Corporate Affairs within statutory due date.

e) The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) any funds, that have been to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f) The Company has not received any funds from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

As per our report of even dated attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 19, 2023

**For and on behalf of the Board of Directors of**
**Roots Corporation Limited**
CIN : U55100MH2003PLC143639

**Nabakumar Shome**
Director
DIN : 03605594

**Deepika Rao**
Director
DIN : 08136962

**Jithin Prakash**
Head - Finance

**Neha Khanna**
Company Secretary
MRN -29345

Mumbai, April 19, 2023

# Independent Auditor's Report

## To the Members of Taj SATS Air Catering Limited

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

### Opinion

We have audited the financial statements of Taj SATS Air Catering Limited (the "Company") which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity 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 (hereinafter referred to as "the financial statements").

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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs 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 Act 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 is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) 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.

### Management's and Board of Directors Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibilty 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, the Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

# Independent Auditor’s Report (Contd.)

2 A. 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on April 1, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its financial statements - Refer Note 27 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41 (f) (A) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41 (f) (B) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

# Independent Auditor's Report (Contd.)

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWL3551

Place: Mumbai
Date: April 18, 2023

# Annexure A to the Independent Auditor's Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancy were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value | Held in the name of | Whether promoter, director or their relative or employee | Period held-indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|---|---|---|---|---|---|
| Freehold land located at Mumbai having effective plot area of 11,888.43 sq ft | ₹ 26.58 lakhs | The Indian Hotels Company Limited | No | From 2001 | The title deeds are in the name of The Indian Hotels Company Limited from whom the asset was transferred to the Company based on Business Transfer Agreement dated October 1, 2001 |
| Freehold land and building at Amritsar wherein land measuring 3 Kanal 16 Marla | Freehold Land aggregating ₹ 194.72 lakhs Building aggregating ₹341.53 lakhs | Taj SATS Air Catering Limited | No | From 2006 | There is a dispute on the land title based on the claim made by the Gram panchayat. The Company has filed an Appeal before the Joint Commissioner (Development), Mohali, Punjab The Jt. Commissioner Development granted "Stay" in the matter and hearings are in progress. In respect of such dispute the Companyas represen ed that the title deed is in its name for the aforesaid immovable properties and it will be able to defend any counter claims to such property. |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

# Annexure A to the Independent Auditor's Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has granted loans to other parties, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or companies. The Company had made an investment in other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to employees as below:

| Particulars | Loans (₹ in lakhs) |
|---|---|
| Aggregate amount during the year Employees | 64.10 |
| Balance outstanding as at balance sheet date Employees | 60.52 |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the investment made and loans granted during the year are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any advances in the nature of loans during the year

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the loans granted are interest bearing and in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the goods sold and services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

# Annexure A to the Independent Auditor’s Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 1, 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident fund, Employees’ State Insurance, Income-Tax and other statutory dues have been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of Tax collected at source, Tax deducted at source and significant delays in few cases of Provident fund. As explained to us, the Company does not have any dues on account of duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Value Added Tax, Sales Tax, Duty of Excise, Income-Tax, or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of the dues | Amount Demanded (₹ in lakhs) | Amount not Deposited Under Disputes (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| West Bengal Sales tax Act, 1994 | Commercia l Tax | 1 | 1 | 2002-03 | Deputy Commission er of Commercial Taxes |
| West Bengal Sales tax Act, 1994 | Commercia l Tax | 83 | 83 | 2006-07 | The West Bengal Commercial Taxes Appellate and Revisional Board |
| West Bengal Sales tax Act, 1994 | Commercia l Tax | 8 | 8 | 2011-12 | The West Bengal Commercial Taxes Appellate and Revisional Board |
| Maharashtra Value Added Tax | Value Added Tax | 72 | 46 | 2009-10 | Joint Commission er of Sales Tax |
| Maharashtra Value Added Tax | Value Added Tax | 44 | 36 | 2012-13 | Deputy Commission er of Sales Tax-Mumbai |
| Finance Act 1994 | Service Tax | 1,175 | 1,109 | 2004-05 to 2016-17 and 2016-18 (upto June 2017) | Office of Commission er of Service Tax |
| Finance Act 1994 | Service Tax | 7,631 | 7,631 | July 1, 2012 to March 31, 2016, April 1, 2016 to June 30, 2017 | Office of Commission er of Service Tax |
| Maharashtra Value Added Tax Act | Value Added Tax | 31 | 29 | 2016-17 | Deputy Commission er of State Tax |
| Value Added Tax Act, 2005 | Value added tax | 77 | 73 | 2015-16 | Deputy Commission er of Sales Tax-Mumbai |
| DVAT Act, 2004 | Value added tax | 21 | 21 | 2005-2016 | Office of the Addl Commission er of DVAT, Delhi |
| Value Added Tax Act, 2005 | Value added tax | 13 | 13 | 2017-18 | Joimt Commission er of Sales Tax |
| Central Excise Act 1944 | Excise Duty | 411 | 380 | 2004-05, 2005-06 and 2006-07 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| Central Excise Act 1944 | Excise Duty, penalty and Interest | 69 | 59 | 2003-04 to 2008-09 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| Tamil Nadu VAT 2006 | Value Added Tax | 9 | - | 2002-03 to 2003-04 | Appellate Deputy Commission er |
| Tamil Nadu VAT 2006 | Value Added Tax | 476 | 231 | 2010-11 to 2011-12 | Appellate Deputy Commission er |

# Annexure A to the Independent Auditor's Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

| Name of the statute | Nature of the dues | Amount Demanded (₹ in lakhs) | Amount not Deposited Under Disputes (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service Tax | 74 | 74 | 2004-05 to 2012-13 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| Income Tax Act, 1961 | Income Tax | 4 | 4 | 2005-06 | Assistant Commission er of Income Tax |
| Income Tax Act, 1961 | Income Tax | 62 | 31 | 2006-07 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 32 | 32 | 2009-10 | Assistant Commission er of Income Tax |
| Goods & Service Tax Act | GST | 13 | 13 | 2018-19 | Appellate Authority of Goods & Service Tax |
| Maharashtra Profession Tax Act | Profession Tax | 6 | 6 | 2007-08 | Commission er Appeals |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended March 31, 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

# Annexure A to the Independent Auditor's Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

(c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has Six CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current financial year, but has incurred in the immediately preceding financial year aggregating to ₹3,232 lakhs.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial

# Annexure A to the Independent Auditor’s Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWL3551

Place: Mumbai
Date: April 18, 2023

# Annexure B to the Independent Auditor's Report on the Financial Statements of Taj SATS Air Catering Limited for the year ended March 31, 2023

### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

## Opinion

We have audited the internal financial controls with reference to financial statements of Taj SATS Air Catering Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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

# Annexure B to the Independent Auditor's Report on the financial statements of Taj SATS Air Catering Limited for the year ended March 31, 2023 (Contd.)

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Viren Soni**
Partner
Membership No.: 117694
ICAI UDIN:23117694BGYCWL3551

Place: Mumbai
Date: April 18, 2023

# Balance Sheet

as at March 31, 2023

₹ (in lakhs)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 9,808 | 9,597 |
| Capital work-in-progress | 3(d) | 2,621 | 152 |
| Right-of-use asset | 3(a) | 743 | 890 |
| Goodwill | 3(b) | 8,374 | 8,374 |
| Other Intangible assets | 3(c) | 182 | 267 |
| | | **21,728** | **19,280** |
| Financial Assets | | | |
| *Investments | 9(a) | 0 | 0 |
| Other financial assets | 5(a) | 2,251 | 1,579 |
| Deferred tax assets (net) | 6(a) | - | 1,365 |
| Advance income tax (net) | | 2,247 | 1,739 |
| Other non-current assets | 7(a) | 755 | 352 |
| | | **5,253** | **5,035** |
| **Current assets** | | | |
| Inventories | 8 | 867 | 685 |
| Financial assets | | | |
| Investments | 9(b) | 1,004 | - |
| Trade receivables | 10 | 9,460 | 5,291 |
| Cash and cash equivalents | 11 | 4,534 | 455 |
| Bank balances other than cash and cash equivalents | 12 | 313 | 310 |
| Loans | 4 | 17 | 19 |
| Other financial assets | 5(b) | 84 | 187 |
| Other current assets | 7(b) | 837 | 453 |
| | | **17,116** | **7,400** |
| **Total assets** | | **44,097** | **31,715** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 13 | 1,740 | 1,740 |
| Other equity | 14 | 25,193 | 17,449 |
| **Total Equity** | | **26,933** | **19,189** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities - Non Current | | 499 | 686 |
| Other financial liabilities | 15(a) | 157 | 99 |
| Provisions | 16 (a) | 1,125 | 1,266 |
| Deferred tax liabilities (net) | 6 (b) | 1,343 | - |
| | | **3,124** | **2,051** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 40 | - | 1,023 |
| Lease Liabilities - Current | | 523 | 586 |
| Trade payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 17 | 1,238 | 618 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 17 | 4,845 | 3,236 |
| Other financial liabilities | 15(b) | 3,567 | 2,799 |
| Provisions | 16(b) | 262 | 262 |
| Other current liabilities | 18 | 3,367 | 1,713 |
| Current tax liabilities (Net) | | 238 | 238 |
| | | **14,040** | **10,475** |
| **Total equity and liabilities** | | **44,097** | **31,715** |

* All the values representing "0" in the financial statements are below ₹ 50,000.

The accompanying notes form an integral part of the financial statements: Refer note 2 - 41

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 18, 2023

**For and on behalf of the Board of Directors**
**Taj SATS Air Catering Limited**
CIN: U55204MH2001PLC133177

**Puneet Chhatwal**
Chairman
DIN: 07624616

**Mehernosh Kapadia**
Vice Chairman
DIN: 00050530

**Giridhar Sanjeevi**
Director
DIN: 06648008

**Manish Gupta**
Chief Executive Officer

**Sudeep Pal**
Chief Financial Officer

**Bakhtawar K. Irani**
Company Secretary
Membership No: A17753

Mumbai, April 18, 2023

# Statement of Profit and Loss

for the year ended March 31, 2023

₹ (in lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 19 | 63,684 | 28,588 |
| Other income | 20 | 412 | 264 |
| **Total Income** | | **64,096** | **28,852** |
| **EXPENSES** | | | |
| Food and beverages consumed | 21 | 19,569 | 9,165 |
| Employee benefits expenses and payment to contractors | 22 | 17,609 | 13,830 |
| Finance costs | 23 | 194 | 151 |
| Depreciation and amortisation expenses | 3 (a), 3(c) | 1,757 | 1,706 |
| Other operating and general expenses | 24 | 14,264 | 9,195 |
| **Total Expenses** | | **53,393** | **34,047** |
| **Profit / (Loss) before tax** | | 10,703 | (5,195) |
| **Tax expenses** | | | |
| Current tax (earlier years) - Refer Note 34 | | 35 | 21 |
| Deferred tax charge / (credit) | | 2,708 | (1,218) |
| **Total tax expense** | | **2,743** | **(1,197)** |
| **Profit / (Loss) after tax (A)** | | **7,960** | **(3,998)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligation | | (216) | 182 |
| **Other comprehensive income for the year, net of tax (B)** | | **(216)** | **182** |
| **Total comprehensive income for the year (A+B)** | | **7,744** | **(3,816)** |
| Earning per share | | | |
| Basic and diluted (₹) | 36 | 45.75 | (22.98) |
| Face value per ordinary share (₹) | | 10 | 10 |

The accompanying notes form an integral part of the financial statements: Refer note 2 - 41

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 18, 2023

**For and on behalf of the Board of Directors**
**Taj SATS Air Catering Limited**
CIN: U55204MH2001PLC133177

**Puneet Chhatwal**
Chairman
DIN: 07624616

**Mehernosh Kapadia**
Vice Chairman
DIN: 00050530

**Giridhar Sanjeevi**
Director
DIN: 06648008

**Manish Gupta**
Chief Executive Officer

**Sudeep Pal**
Chief Financial Officer

**Bakhtawar K. Irani**
Company Secretary
Membership No: A17753

Mumbai, April 18, 2023

# Statement of Changes in Equity
for the year ended March 31, 2023

₹ (in lakhs)

| Particulars | Equity Share Capital | Other Equity | | | | Total - Other Equity | Total Equity |
|---|---|---|---|---|---|---|---|
| | | Reserves and Surplus | | | | | |
| | Equity Share Capital Subscribed | Securities Premium Account | General Reserve | Retained Earnings | Other Comprehensive Income | | |
| Balance as at April 1, 2021 | 1,740 | 10,388 | 1,560 | 9,068 | 249 | 21,265 | 23,005 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - |
| **Restated balance at April 1, 2021** | **1,740** | **10,388** | **1,560** | **9,068** | **249** | **21,265** | **23,005** |
| (Loss) for the year | - | - | - | (3,998) | - | (3,998) | (3,998) |
| Other Comprehensive Income | | | | | 182 | 182 | 182 |
| | **-** | **-** | **-** | **(3,998)** | **182** | **(3,816)** | **(3,816)** |
| **Balance as at March 31, 2022** | **1,740** | **10,388** | **1,560** | **5,070** | **431** | **17,449** | **19,189** |
| **Balance as at April 1, 2022** | **1,740** | **10,388** | **1,560** | **5,070** | **431** | **17,449** | **19,189** |
| **Changes in accounting policy or prior period errors** | - | - | - | - | - | - | - |
| **Restated balance at April 1, 2022** | **1,740** | **10,388** | **1,560** | **5,070** | **431** | **17,449** | **19,189** |
| **Profit for the year** | - | - | - | 7,960 | - | 7,960 | 7,960 |
| **Other Comprehensive Income** | - | - | - | - | (216) | (216) | (216) |
| | **-** | **-** | **-** | **7,960** | **(216)** | **7,744** | **7,744** |
| **Balance as at March 31, 2023** | **1,740** | **10,388** | **1,560** | **13,030** | **215** | **25,193** | **26,933** |

The accompanying notes form an integral part of the financial statements: Refer note 2 - 41

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

**For and on behalf of the Board of Directors**
**Taj SATS Air Catering Limited**
CIN: U55204MH2001PLC133177

**Puneet Chhatwal**
Chairman
DIN: 07624616

**Mehernosh Kapadia**
Vice Chairman
DIN: 00050530

**Giridhar Sanjeevi**
Director
DIN: 06648008

**Manish Gupta**
Chief Executive Officer

**Sudeep Pal**
Chief Financial Officer

**Bakhtawar K. Irani**
Company Secretary
Membership No: A17753

Mumbai, April 18, 2023

Mumbai, April 18, 2023

# Statement of Cash Flows
for the year ended March 31, 2023

₹ (in lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities:** | | |
| | Profit / (Loss) before tax | 10,703 | (5,195) |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expenses | 1,757 | 1,706 |
| | Change in fair value of financial asset at fair value through profit and loss | (4) | - |
| | (Gain) on redemption of mutual funds | - | (33) |
| | (Gain) on disposal of Property, Plant and Equipment (net) | (15) | (29) |
| | Provision for doubtful debts (written back) / provided during the year | (287) | 110 |
| | Provision for other receivables | - | 71 |
| | Doubtful advances written off | - | 1 |
| | Provision for Employee Benefits | (357) | 84 |
| | Property, plant and equipment written off | 6 | 13 |
| | Dividend income from current investments | - | (23) |
| | Interest income | (81) | (45) |
| | Interest income on financial assets carried at amortised cost | (10) | (9) |
| | Finance costs | 194 | 151 |
| | **Operating profit before working capital changes** | **11,906** | **(3,198)** |
| | *Adjustments in*: | | |
| | Trade receivables | (3,882) | (454) |
| | Other financial assets | (568) | (493) |
| | Inventories | (182) | (149) |
| | Other assets | (400) | 40 |
| | Loans | 2 | 8 |
| | *Adjustments in*: | | |
| | Trade payables | 2,229 | 481 |
| | Other financial liabilities | 572 | 1,054 |
| | Other liabilities | 1,651 | 1,025 |
| | | **(578)** | **1,512** |
| | **Cash generated from operations** | 11,328 | (1,686) |
| | Net income tax paid (net of refunds) | (543) | (294) |
| | Cash flow before exceptional items | **10,785** | **(1,980)** |
| | **Net cash from operating activities (A)** | **10,785** | **(1,980)** |

# Statement of Cash Flows
for the year ended March 31, 2023

₹ (in lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **B.** | **Cash flow from investing activities:** | | |
| | Purchase of property, plant and equipment and other intangibles (including advances for capital expenditure) | (4,332) | (810) |
| | Proceeds from disposal of property, plant and equipment | 42 | 66 |
| | Purchase of current investments in Mutual funds | (1,000) | (23) |
| | Proceeds from redemption of Mutual funds | - | 2,290 |
| | Earmarked balances with bank | (3) | 10 |
| | Dividend income from current investments | - | 23 |
| | Interest received | 90 | 46 |
| | **Net cash (used in) / generated by investing activities (B)** | **(5,203)** | **1,602** |
| **C.** | **Cash flow from financing activities:** | | |
| | Payment of lease liabilities | (286) | (338) |
| | Interest on payment of lease liabilities | (88) | (105) |
| | Finance costs | (106) | (46) |
| | **Net cash used in financing activities (C)** | **(480)** | **(489)** |
| | **Net decrease in cash and cash equivalents (A + B +C)** | **5,102** | **(867)** |
| | **Cash and cash equivalents at the beginning of the year** | **(568)** | **299** |
| | **Cash and cash equivalents at the end of the year** | **4,534** | **(568)** |

**Notes:**

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS - 7) statement of cash flow.

2 Figures in brackets are outflow / deduction.

3 Cash and cash equivalents comprises of

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balances with Banks | | |
| - Current Account | 4,523 | 442 |
| Cash on hand | 11 | 13 |
| Cash and cash equivalents (Note no. 11) | **4,534** | **455** |
| Less: Borrowings (Refer note (i) below) | - | (1,023) |
| Cash and cash equivalents in cash flow statement | **4,534** | **(568)** |

Note (i): The management considered Borrowings as a integral part of its cash management and accordingly considered as a part of cash and cash equivalents.

The accompanying notes form an integral part of the financial statements: Refer note 2 - 41

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 18, 2023

**For and on behalf of the Board of Directors**
**Taj SATS Air Catering Limited**
CIN: U55204MH2001PLC133177

**Puneet Chhatwal**
Chairman
DIN: 07624616

**Mehernosh Kapadia**
Vice Chairman
DIN: 00050530

**Giridhar Sanjeevi**
Director
DIN: 06648008

**Manish Gupta**
Chief Executive Officer

**Sudeep Pal**
Chief Financial Officer

**Bakhtawar K. Irani**
Company Secretary
Membership No: A17753

Mumbai, April 18, 2023

# Notes to the Financial Statements
for the year ended March 31, 2023

## 1. Corporate Information

Taj SATS Air Catering Limited (the "Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company is jointly promoted by The Indian Hotels Company Ltd. ("IHCL") and SATS Ltd., where IHCL owns 51% and SATS owns 49% of the Company's shares.

Taj SATS Air Catering Limited (the "Company") is engaged in the business of in-flight catering services, institutional catering of food and beverages and other allied services to airlines and various other institutions, corporate houses, hospitals, cafeterias, etc. The Company has manufacturing/production facilities at various locations including Mumbai, Delhi, Kolkata, Bangalore, Goa and Chennai.

The Company has its registered office at Mandlik House, Mandlik Road, Mumbai -400 001.

This financial statements for the year ended March 31, 2023 were approved by the Company's Board of Directors on April 18, 2023.

## 2. Significant Accounting Policies

The financial statements have been prepared on the following basis:

### (a) Statement of compliance:

These financial statements for the year ended March 31, 2023 have been prepared in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under section 133 of the Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

### (b) Basis of preparation and presentation of the financial statements:

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. All assets and liabilities are classified as current and non-current as per Company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date. All amounts disclosed in the financial statements and notes to accounts have been rounded off to the nearest lakh, unless otherwise stated.

The financial statements are presented in Indian rupees (₹), the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

All the values representing "0" in the financial statements are below ₹50,000.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(c) Use of estimates and judgements:**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- Useful life of property, plant and equipment and intangible assets: The carrying value of property, plant and equipment and intangible asset is calculated on the basis of estimates of depreciation periods derived from the expected technical and useful life of the asset concerned, and residual values. The expected technical and useful life of the asset concerned and its estimated residual value may change under the influence of technological developments, market circumstances and changes in the use of the asset.
- Impairment of Goodwill: For goodwill, an annual impairment test is carried out to identify if there are any changes or events that could lead to an impairment of the goodwill. Determining whether goodwill is impaired requires an estimation of the value-in-use and the cash-generating units to which the goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the present value of the future cash flows are less than expected, a material impairment loss may arise.
- Contingencies and Commitments: From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.
- Leases: Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Critical judgements in determining the discount rate: The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.
- Income Taxes: Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

# Notes to the Financial Statements
for the year ended March 31, 2023

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

- Defined benefit plans: The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

**(d) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under “Other Non-Current Assets”.

Depreciation of these assets commences when the assets are ready for their intended use. Depreciation is charged to the statement of profit and loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation on assets capitalised or disposed off during the financial year is charged off on the pro-rata basis.

In respect of depreciation on buildings on leased properties, it is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated balance useful lives.

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Class of Assets | Estimated Useful Life |
|---|---|
| Building | 30 years |
| Plant and Equipment | 15 to 20 years |
| Furniture and Fixtures | 15 years |
| Data processing equipment | 6 years |
| Office equipment | 12-15 years |
| Vehicles | 8 - 16 years |

# Notes to the Financial Statements
for the year ended March 31, 2023

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid, less any recognised impairment loss.

**(e) Intangible Assets:**

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

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

Gains or loss arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss in the year of disposal.

The capitalised cost of SAP software (including licenses) is amortised over 10 years from the date of capitalisation (2 years remaining as on the balance sheet date) on a straight line basis considering its estimated useful life, the cost of other software licenses is amortised over 6 years from the date of capitalisation and the cost of website development is amortised over 4 years from the date of capitalisation (1 year remaining as on the balance sheet date) on a straight line basis considering its estimated useful life.

Business rights which represent the rights to construct, manage and operate flight catering kitchen in accordance with the agreement entered with the airport authority, are stated at cost of acquisition, less accumulated amortisation. The cost of business rights is amortised over the period of 15 years (Nil year remaining as on the balance sheet date) during which period the benefits are expected to accrue to the Company as per agreement.

**Goodwill on business acquisition**

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating unit that is expected to benefit from the synergies of the combination. A cash generating unit to which the goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the others assets of the unit pro rata based on the carrying amount of each asset in the unit. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the statement of profit and loss.

**(f) Impairment of Non Financial Assets:**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, and whenever there is an indication that the assets may be impaired.

At each Balance sheet date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

**(g) Leases:**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's statement of financial position as a right-of-use asset and a lease liability.

### Right to use assets

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing. Residual value is reassessed annually.

### Lease Liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is reasonably certain that it will not exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

# Notes to the Financial Statements
for the year ended March 31, 2023

### Variable Lease

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs.

### Short-term leases and leases of low-value assets

The Company has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a lease term of 12 months or less and don't contain purchase option. Costs associated with such leases are recognised as an expense on a straight-line basis over the lease term.

Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17, applying the practical expedient to grandfather the assessment of which transactions are leases.

### Presentation of lease payments in Cash Flow Statements:

Lease payments included in the measurement of the lease liability comprises of fixed payments (including in substance fixed payments).

Lease payments are presented as follows in the Company's statement of cash flows:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- Payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from financing activities; and
- Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

### (h) Inventories:

Stock of food and beverages, stores and operating supplies are carried at the lower of cost (computed on a weighted average basis) or net realisable value. Cost includes the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

### (i) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised, when there is a present (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and circumstances surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows determined using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent assets are neither recognised nor disclosed in the financial statements.

# Notes to the Financial Statements

for the year ended March 31, 2023

**(j) Revenue Recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the company as part of the contract. In respect of expired contracts under renewal, revenue is recognised based on the erstwhile contract/ understanding with the contracting parties.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate unit of account is based on the relative fair value of each unit. If the fair value of the delivered items is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered items.

**Income from operations:**

**Food and Beverages:** Revenue from sale of food and beverages is recognised at the transaction price that is allocated to the performance obligation, which is recognised on the completion of delivery of goods as per the contract/understanding with the customer.

**Revenue from Air catering and allied services:** Revenue from Air Catering and allied services includes revenue from handling services, hi-loader services, bonded warehouse, laundry income, and other services and the revenue has been recognised by reference to the time of service rendered.

**Contract balances**

**(i) Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**(ii) Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Other operating Income: Other operating income includes revenue from catering supplies/ bought out items which are recognised at the transaction price that is allocated to the performance obligation, which is recognised on the completion of delivery of goods as per the contract/understanding with the customer.

Dividend Income: Dividend income from mutual funds is recognised when the Company's right to receive the amount is established.

Interest income: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

**(k) Foreign currency transactions:**

Income and expenses in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Foreign currency denominated assets and liabilities are translated at the exchanges rates prevailing at the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(l) Government Grants:**

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

**(m) Employee Benefits:**

**A) Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate legal entity and will have no legal or constructive obligation to pay further amounts.

i. **Provident and Family pension Fund:** The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both the employees and the Company makes monthly contributions at a specified percentage of the employee's eligible salary (currently 12% of employee's eligible salary) to a defined contribution plan. The contributions are made to the provident fund managed by the trust set up by a joint venture Company, or to the Regional Provident Fund Commissioner (RPFC) which are charged to the statement of profit and loss.

   In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss.

ii. **Superannuation:** The Company has a defined contribution plan for certain category of employees, wherein it annually contributes a sum equivalent to a defined amount to a fund administered by the trustees. The Company recognises such contributions as an expense in the year in which the corresponding services are received from the employee.

**B) Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

**Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment.

The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

The Company also has separate unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Company accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected immediately in retained earnings and will not be reclassified to profit and loss.

C) **Other employee benefits**

i. **Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

ii. **Other Employee Benefits**

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for the employee entitlements such as salaries, bonuses, annual leave, leave travel allowances, represents amounts which the Company has a present obligation to pay as a result of the employee services and the obligation can be measured reliably. The accruals have been calculated as undiscounted amounts based on current salary levels as at the Balance Sheet date.

**(n) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity.

(i) **Current tax:**

Current tax expenses are accounted in the same period to which the revenue and expense relates. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with applicable rates and prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) **Deferred tax:**

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority

**(o) Financial Instruments:**

i. **Financial assets**

**Initial recognition and measurement**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets at initial recognition.On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets are subsequently classified and measured at

- amortised cost
- fair value through profit and loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except during the period the Company changes its business model for managing financial assets.

**Classification**

- Cash and Cash Equivalents – Cash comprises cash on hand and demand 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.
- Debt Instruments – The Company classifies its debt instrument as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the statement of profit and loss using the effective interest rate method.

**I. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

**II. Financial assets at fair value through Other Comprehensive Income (FVOCI)**

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest. Movements in the carrying value are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to the statement of profit and loss. Interest income on such financial assets is included as part of the Company's income in the statement of profit and loss using the effective interest rate method.

**III. Financial assets at fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the statement of profit and loss.

# Notes to the Financial Statements
for the year ended March 31, 2023

- Equity Instruments – The Company subsequently measures all equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payment is established.

At the date of transition to Ind AS, the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments that are not held for trading.

When the equity investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to the retained earnings directly.

**De-recognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

### ii. Financial liabilities

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised, and through the amortisation process.

**De-recognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

# Notes to the Financial Statements
for the year ended March 31, 2023

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Impairment of financial assets**

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

**(p) Earnings Per Share**

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

**(q) Business Combination:**

The Company applies the 'acquistion' method in accounting for business combinations. The consideration transferred by the Company to obtain control of a business is calculated as the sum of the fair values of assets transferred and liabilities assumed as at the acquisition date i.e. date on which it obtains control of the acquiree, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related costs are recognised in the statement of profit and loss as incurred, except to the extent related to the issue of debt or equity securities.

Where the consideration transferred exceeds the fair value of the net assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets and liabilities assumed, the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on acquisition-date.

Intangible Assets acquired in a Business Combination and recognised separately from Goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a Business Combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

# Notes to the Financial Statements
for the year ended March 31, 2023

The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of combination.

**(r) New Standards or other amendments issued but not yet effective:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, Key amendments are as below:

**Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –**

The amendment substitutes 'significant accounting policies' with 'material accounting policy information'.

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

**Ind AS 107 – Financial Instruments: Disclosures –**

Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

**Ind AS 8 – Accounting policies, changes in accounting estimate and errors-**

Definition of accounting estimate is substituted by Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

**Ind AS 12 – Income Taxes –**

The amendments clarify how companies account for deferred tax on a transaction that is not a business combination and which may lead to the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable profit. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Company is in process of evaluating the impact of the above amendments which is not expected to have any material impact on the financial statements of the Company.

# Notes to the Financial Statements

for the year ended March 31, 2023

## 3(a) Property, Plant and Equipment

₹ (in lakhs)

| | Freehold Land (Refer Footnote (ii) and (iii)) | Buildings | Plant and Equipment | Furniture and Fixtures | Office Equipment | Data processing equipment | Vehicles | Total | Right of use Asset (Refer Note 32) |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At April 1, 2021 | 351 | 5,083 | 7,936 | 201 | 66 | 234 | 3,784 | 17,655 | 1,251 |
| Opening Adjustment | - | 72 | (72) | - | - | - | - | - | - |
| Additions | - | 27 | 134 | 17 | 5 | 17 | 295 | 495 | 63 |
| Disposals | - | 3 | 8 | - | - | 2 | 77 | 90 | - |
| **At March 31, 2022** | **351** | **5,179** | **7,990** | **218** | **71** | **249** | **4,002** | **18,060** | **1,314** |
| Additions | - | 144 | 652 | 50 | 14 | 59 | 814 | 1,733 | 45 |
| Disposals | - | 14 | 36 | - | 2 | 7 | 64 | 123 | 6 |
| **At March 31, 2023** | **351** | **5,309** | **8,606** | **268** | **83** | **301** | **4,752** | **19,670** | **1,353** |
| **Depreciation** | | | | | | | | | |
| At April 1, 2021 | - | 2,394 | 3,234 | 82 | 32 | 159 | 1,179 | 7,080 | 238 |
| Opening Adjustment | - | 25 | (25) | - | - | - | - | - | - |
| Charge for the year | - | 541 | 572 | 13 | 6 | 29 | 275 | 1,436 | 186 |
| Disposals | - | 2 | 5 | - | - | 2 | 44 | 53 | - |
| **At March 31, 2022** | **-** | **2,958** | **3,776** | **95** | **38** | **186** | **1,410** | **8,463** | **424** |
| Charge for the year | - | 507 | 625 | 15 | 5 | 27 | 305 | 1,484 | 186 |
| Disposals | - | 9 | 21 | - | 1 | 6 | 48 | 85 | - |
| **At March 31, 2023** | **-** | **3,456** | **4,380** | **110** | **42** | **207** | **1,667** | **9,862** | **610** |
| **Net block as at April 1, 2022** | **351** | **2,221** | **4,214** | **123** | **33** | **63** | **2,592** | **9,597** | **890** |
| **Net block as at March 31, 2023** | **351** | **1,853** | **4,226** | **158** | **41** | **94** | **3,085** | **9,808** | **743** |

**Footnotes:**

(i) The Air Catering business was acquired on a slump sale basis from The Indian Hotels Company Limited and its Affiliates on October 1, 2001. As a result, the Property Plant and Equipment were recorded as per the values assigned by the independent valuers.

(ii) In accordance with the Business Transfer Agreement entered with The Indian Hotels Company Limited, the land located at Mumbai is to be conveyed in favour of the Company. However, the same is pending completion of certain legal formalities.

(iii) There is a dispute on the land title based on the claim made by the Gram panchayat. The Company has filed an Appeal before the Joint Commissioner (Development), Mohali, Punjab. The Jt. Commissioner Development granted "Stay" in the matter and hearings are in progress. However, due to transfer of the Jt. Commissioner, the new Jt. Commissioner is re-hearing the matter again. In respect of such dispute the Management has represented that the title deed for the aforesaid immovable property is in the name of the Company and it will be able to defend any counter claims to such property.

## 3(b) Goodwill

₹ (in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| On Date of acquisition of business | 7,348 | 7,348 |
| On acquisition of Taj Madras Flight Kitchen Private Limited | 1,026 | 1,026 |
| **Total** | **8,374** | **8,374** |

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any.

# Notes to the Financial Statements
for the year ended March 31, 2023

During the year ended March 31, 2020, the Company has recorded goodwill on account of acquisition of 100% shares in Taj Madras Flight Kitchen Private Limited. The amount so recorded represents the excess of amount paid over the value of net assets acquired.

The Company tests goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The goodwill has been allocated to Airline and Allied catering (which is considered as Cash Generating Unit). For the purpose of impairment testing, goodwill, which arose on acquisition of the assets/entities, is allocated to this CGU representing the lowest level at which goodwill is monitored for internal management reporting purposes.

The recoverable value of the CGU is determined on the basis of 'fair value less cost to sell'. The Company determined fair values using the income approach using discounted cash flow (DCF) method.The DCF method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumptions that a market participant would make.

The estimated value-in-use of this CGU is based on the future cash flows using a 3% (March 31, 2022: 3%) annual growth rate for periods subsequent to the forecast period of 5 years and pre-tax discount rate of 15.08% (March 31, 2022: 13.04%). An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

## 3(c) Intangible Assets

₹ (in lakhs)

| | Software | Business Rights | Website Development | Leasehold Land Rights | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At April 1, 2021 | 696 | 24 | 4 | 66 | 790 |
| Additions | 6 | - | - | - | 6 |
| Disposals | 19 | - | - | - | 19 |
| **At March 31, 2022** | **683** | **24** | **4** | **66** | **777** |
| Additions | 2 | - | - | - | 2 |
| Disposals | - | - | - | - | - |
| **At March 31, 2023** | **685** | **24** | **4** | **66** | **779** |
| **Amortisation** | | | | | |
| At April 1, 2021 | 392 | 18 | 1 | 20 | 431 |
| Charge for the year | 76 | 5 | 1 | 3 | 85 |
| Disposals | 6 | - | - | - | 6 |
| **At March 31, 2022** | **462** | **23** | **2** | **23** | **510** |
| Charge for the year | 73 | 1 | 1 | 12 | 87 |
| Disposals | - | - | - | - | - |
| **At March 31, 2023** | **535** | **24** | **3** | **35** | **597** |
| **Net block as at April 1, 2022** | **221** | **1** | **2** | **43** | **267** |
| **Net block as at March 31, 2023** | **150** | **-** | **1** | **31** | **182** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## 3(d) Capital-work-in-progress

₹ (in lakhs)

| Particulars | Opening Balance | Additions during the year | Capitalisation during the year | Closing Balance |
|---|---|---|---|---|
| **As at March 31, 2023** | 152 | 4,206 | 1,737 | 2,621 |
| As at March 31, 2022 | 7 | 641 | 496 | 152 |

₹ (in lakhs)

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 -2 Years | 2 -3 Years | More than 3 Years | Total |
| **Projects in progress** | | | | | |
| **As at March 31, 2023** | **2,543** | **77** | **-** | **1** | **2,621** |
| As at March 31, 2022 | 151 | - | 1 | - | 152 |
| **Projects temporarily suspended** | | | | | |
| **As at March 31, 2023** | - | - | - | - | - |
| As at March 31, 2022 | - | - | - | - | - |

₹ (in lakhs)

| Particulars | To be completed in | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 -2 Years | 2 -3 Years | More than 3 Years | Total |
| **Projects whose completion is overdue** | | | | | |
| **Flight catering kitchen facility at MOPA, North Goa** | | | | | |
| **As at March 31, 2023** | **2,545** | - | - | - | **2,545** |
| As at March 31, 2022 | - | - | - | - | - |

## 4. Loans

**(Unsecured, considered good unless otherwise stated)**

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Loan to Employees | 17 | 19 |
| | **17** | **19** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## 5. Other Financial Assets

**(Unsecured, considered good unless otherwise stated)**

₹ (in lakhs)

| | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| a) | **Non Current Financial Assets** | | |
| | Security deposit with public bodies and others | 2,125 | 1,465 |
| | Security deposit towards leasehold land | 126 | 114 |
| | | **2,251** | **1,579** |
| b) | **Current Financial Assets** | | |
| | Security deposit with public bodies and others | 72 | 175 |
| | Interest receivable | 9 | 8 |
| | Other receivables | 3 | 4 |
| | | **84** | **187** |

## 6. Deferred tax assets and liabilities

₹ (in lakhs)

| | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| a) | **Deferred tax asset:** | | |
| | **Deferred tax assets:** | | |
| | Provision for employee benefits | - | 330 |
| | Provision for doubtful debts | - | 162 |
| | Business loss | - | 3,152 |
| | Right of use asset | - | 99 |
| | Others | - | 53 |
| | **Total (A)** | **-** | **3,796** |
| | **Deferred tax liabilities:** | | |
| | Property, plant and equipment & intangible assets | - | 2,431 |
| | **Total (B)** | **-** | **2,431** |
| | **Net Deferred tax asset (A-B)** | **-** | **1,365** |
| b) | **Deferred tax liability:** | | |
| | **Deferred tax assets:** | | |
| | Provision for employee benefits | 283 | - |
| | Provision for doubtful debts | 90 | - |
| | Business loss | 462 | - |
| | Long term capital loss | 12 | - |
| | Right of use asset | 74 | - |
| | Others | 70 | - |
| | **Total (A)** | **991** | **-** |
| | **Deferred tax liability:** | | |
| | Property, plant and equipment & intangible assets | 2,334 | - |
| | **Total (B)** | **2,334** | **-** |
| | **Net Deferred liabilities (B-A)** | **1,343** | **-** |

* Refer note no. 34 for disclosure in relation to tax

# Notes to the Financial Statements
for the year ended March 31, 2023

## 7. Other Assets

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **a) Other Non Current assets** | | |
| Capital advances | 623 | 236 |
| Prepaid expenses | 132 | 116 |
| | **755** | **352** |
| **b) Other Current Assets** | | |
| Prepaid expenses | 219 | 145 |
| Advance to suppliers | 300 | 210 |
| Export incentive receivable | - | 7 |
| Balance with statutory and government authorities | 243 | 50 |
| Advance to employees | 75 | 41 |
| | **837** | **453** |

## 8. Inventories

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Food and beverages | 469 | 354 |
| Stores and operating supplies | 398 | 331 |
| | **867** | **685** |

**Footnote:**

(a) Inventories are valued at the lower of cost and net realisable value. Cost are determined using the weighted average method and includes purchase price and non-refundable taxes.

(b) The write down of inventories to net realisable value during the year amounted to ₹ 14 lakh (as on March 31, 2022: ₹ 14 lakh) and the same are included in food and beverage consumed.

## 9. Investments

### a) Non current investments

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments measured at cost:** | | |
| **Equity instruments** | | |
| **Unquoted** | | |
| 1,950 (March 31, 2022: 1,950) equity shares of A.K Green Private Limited INR 10/- each fully paid up | 0 | 0 |
| **Total non-current investments** | **0** | **0** |
| **Footnote:** | | |
| (i) Aggregate amount of quoted investments | - | - |
| Market value of quoted investments | - | - |
| (ii) Aggregate amount of unquoted investments | 0 | 0 |
| (iii) Aggregate amount of impairment in value in investments | - | - |

# Notes to the Financial Statements
for the year ended March 31, 2023

## b) Current investments

### Mutual Funds

| Unquoted | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Holdings (unit) | ₹ (in lakhs) | Holdings (unit) | ₹ (in lakhs) |
| **Investments carried at fair value through profit and loss** | | | | |
| ABSL Overnight Fund - Regular Growth | 41,615.401 | 502 | - | - |
| Axis Overnight Fund - Regular Growth (ONGPG) | 42,439.378 | 502 | - | - |
| **Total** | | **1,004** | | **-** |
| **Footnote:** | | | | |
| (i) Aggregate amount of quoted investments | | - | | - |
| Market value of quoted investments | | - | | - |
| (ii) Aggregate amount of unquoted investments | | 1,004 | | - |
| (iii) Aggregate amount of impairment in value in investments | | - | | - |

## 10. Trade receivables

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured** | | |
| a) Undisputed Trade receivables – considered good | 9,460 | 5,291 |
| Undisputed Trade Receivables – which have significant increase in credit risk | 353 | 634 |
| Less: Allowance for doubtful trade receivables | (353) | (634) |
| | **9,460** | **5,291** |
| b) Undisputed Trade Receivables – credit impaired | 3,764 | 3,838 |
| Less: Allowance for doubtful trade receivables | (3,764) | (3,838) |
| | - | - |
| | **9,460** | **5,291** |

# Notes to the Financial Statements
for the year ended March 31, 2023

### Trade receivables aging schedule

₹ (in lakhs)

| Trade receivables | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | | | | | | |
| **As at March 31, 2023** | **9,386** | **60** | **-** | **11** | **3** | **9,460** |
| As at March 31, 2022 | 5,224 | 50 | 12 | 5 | - | 5,291 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| **As at March 31, 2023** | **-** | **97** | **32** | **97** | **127** | **353** |
| As at March 31, 2022 | - | 166 | 101 | 72 | 295 | 634 |
| (iii) Undisputed Trade Receivables – credit impaired | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **66** | **3,698** | **3,764** |
| As at March 31, 2022 | 331 | - | - | 226 | 3,281 | 3,838 |
| (iv) Disputed Trade Receivables–considered good | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at March 31, 2022 | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at March 31, 2022 | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at March 31, 2022 | - | - | - | - | - | - |

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Footnote:** | | |
| **i) Allowance for doubtful trade receivables** | | |
| Opening balance | 4,472 | 4,362 |
| (Reversal) / Allowance during the year | (287) | 110 |
| Transferred to accrued expenses | (68) | - |
| | **4,117** | **4,472** |
| Bad debts written off against past provisions | - | - |
| **Closing Balance** | **4,117** | **4,472** |

**ii)** Trade receivable includes debts due from Directors - ₹ Nil (March 31, 2022 - ₹ Nil) in the ordinary course of business.

**iii)** Related party balances: *Refer Note 33.*

## 11. Cash and cash equivalents

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash on hand | 11 | 13 |
| Balances with bank in current account | 4,523 | 442 |
| | **4,534** | **455** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## 12. Bank Balance other than cash and cash equivalents

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Earmarked balances with banks | 313 | 310 |
| (Earmarked deposits includes ₹ 271 lakh (March 31, 2022: ₹ 269 lakh) pledged with HDFC Bank in the favour of Government authorities with respect to on- going litigation and the rest is on account of issuance of bank guarantee with various banks) | | |
| | **313** | **310** |

## 13. Equity Share Capital

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| 41,000,000 (March 31, 2022 - 41,000,000) equity shares of ₹ 10/- each with voting rights | 4,100 | 4,100 |
| | **4,100** | **4,100** |
| **Issued, subscribed and fully paid up** | | |
| 17,400,000 (March 31, 2022 - 17,400,000) equity shares of ₹ 10 /- each with voting rights | 1,740 | 1,740 |
| | **1,740** | **1,740** |

**Footnotes:**

**(i)** The Company has one class of equity shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting, except in the case of interim dividend

**(ii) Reconciliation of number of equity shares at the beginning and at the end of reporting period.**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ (in lakhs) | No. of shares | ₹ (in lakhs) |
| Balance at the beginning of the year | 1,74,00,000 | 1,740 | 1,74,00,000 | 1,740 |
| Add: Shares issue during the year | - | - | - | - |
| **Balance at the end of the year** | **1,74,00,000** | **1,740** | **1,74,00,000** | **1,740** |

**(iii) Rights, preferences and restriction attaching to shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholder in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

**(iv) Shares held by the Promoters (Joint Venturers)**

| Promoter (Joint Venturer) name | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % of total shares | No. of Shares | % of total shares |
| The Indian Hotels Company Limited ("IHCL") (includes 3 (as at March 31, 2022 - 3) equity shares held by IHCL as beneficiary owner * | 88,74,000 | 51% | 88,74,000 | 51% |
| SATS Ltd. (includes 2 (as at March 31, 2022 - 2) equity shares held by SATS Ltd. as beneficiary owner. | 85,26,000 | 49% | 85,26,000 | 49% |

There is no change in the promoter shareholding during the period ended March 31, 2023 and year ended March 31, 2022.

# Notes to the Financial Statements
for the year ended March 31, 2023

Promoter here means promoter as defined in the Companies Act, 2013.

* Out of the above, 76,00,000 and 12,24,000 equity shares of ₹ 10 each fully paid up have been allotted to The Indian Hotels Company Limited for consideration other than cash during the financial year ended March 31, 2002 and March 31, 2003 respectively.

## 14. Other Equity

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Securities Premium Account** | 10,388 | 10,388 |
| Balance at the beginning and end of the year | | |
| **General Reserve** | 1,560 | 1,560 |
| Balance at the beginning and end of the year | | |
| **Retained Earnings** | | |
| Balance at the beginning of the year | 5,501 | 9,317 |
| Add: Profit / (Loss) for the year | 7,960 | (3,998) |
| Add: Remeasurement of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings) | (216) | 182 |
| **Closing balance at the end of the year** | **13,245** | **5,501** |
| **Total Other Equity** | **25,193** | **17,449** |

### The Decription of the nature and purpose of each reserve with equity is as follows:

(a) **Securities Premium Account:** Securities premium represents the premium charged to the shareholders at the time of issuance of shares. The amount received in excess of face value of the equity shares is recognised in securities premium. The securities premium can be utilised based on the relevant requirement of the Companies Act, 2013.

(b) **General reserve:** General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(c) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) **Other comprehensive income (OCI):** Other comprehensive income includes revenues, expenses, gains, and losses that have yet to be realised and are excluded from net income on an income statement.

## 15. Other financial liabilities

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **a) Other Non Current Financial Liabilities** | | |
| Deposits from others - Unsecured | 157 | 99 |
| | **157** | **99** |
| **b) Other Current Financial Liabilities** | | |
| Payable on purchase of property, plant and equipment | 315 | 61 |
| Employee related liabilities | 1,726 | 1,888 |
| Levy payable to Airport Authority of India | 1,504 | 778 |
| Other payable - | | |
| Related Parties Payables | 22 | 72 |
| | **3,567** | **2,799** |

# Notes to the Financial Statements
for the year ended March 31, 2023

**i)** There is no amount due and outstanding to be credited to Investor Education and protection fund.

**ii)** Related party balances: *Refer Note 33*

## 16. Provisions

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **a) Non Current Provision** | | |
| Employee Benefit Obligation | | |
| Post-retirement pension (Refer Note 30) | 3 | 3 |
| Compensated absences | 980 | 901 |
| Gratuity (Refer Note 30) | 142 | 362 |
| | **1,125** | **1,266** |
| **b) Current Provision** | | |
| Employee Benefit Obligation | | |
| Compensated absences | 146 | 146 |
| | **146** | **146** |
| **Provisions for others** | | |
| Provision for disputed taxes, levies and duties (Refer Footnote (i) and (ii) below) | 116 | 116 |
| | **262** | **262** |
| **Footnotes:** | | |
| **(i) Provision for disputed taxes, levies and duties** | | |
| Opening balance as at April 1, 2022 | 116 | 102 |
| Additions during the year | - | 14 |
| **Closing balance as at March 31, 2023** | **116** | **116** |

**(ii) Nature of above mentioned provision**

The above matters pertains to litigations related to income tax, sales tax, value added tax, service tax, work contract tax, etc. and the ultimate outcome and timing of the cash flows, if any, cannot be currently determined.

## 17. Trade Payables

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (i) total outstanding dues of micro enterprises and small enterprises | 1,238 | 618 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 4,845 | 3,236 |
| | **6,083** | **3,854** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## Trade payable ageing schedule

| Particulars | Outstanding for following periods from due dates of payment as at March 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | | | | | | | |
| **As at March 31, 2023** | **-** | **937** | **298** | **3** | **-** | **-** | **1,238** |
| As at March 31, 2022 | - | 428 | 190 | - | - | - | 618 |
| (ii) Others | | | | | | | |
| **As at March 31, 2023** | **1,788** | **2,369** | **591** | **10** | **58** | **29** | **4,845** |
| As at March 31, 2022 | 909 | 1,750 | 484 | 68 | 18 | 7 | 3,236 |
| (iii) Disputed dues – MSME | | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at March 31, 2022 | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | | | | | | | |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at March 31, 2022 | - | - | - | - | - | - | - |

**Footnotes:**

(i) The amount due to Micro Enterprise and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been noted upon by the auditors.

(ii) The disclosures relating to Micro Enterprises and Small Enterprises are as under:

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) The principal amount remaining unpaid to supplier as at year end | 1,235 | 615 |
| (b) The interest due thereon remaining unpaid to supplier as at year end | 3 | 3 |
| (c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year | | |
| (d) The amount of interest due and payable for the year | - | - |
| (e) The amount of interest accrued and remaining unpaid at the year end | - | 1 |
| (f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

## 18. Other Current Liabilities

₹ (in lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| * Advances from customers | 2,347 | 1,303 |
| ** Statutory dues | 1,020 | 410 |
| | **3,367** | **1,713** |

* Disclosure in relation to Ind AS 115- "Revenue from contracts with customers": *Refer note no. 31*

** Includes Goods and Service Tax, Tax deducted at source, Provident Fund, Employees State Insurance Corporation, Profession Tax, etc.

# Notes to the Financial Statements

for the year ended March 31, 2023

## 19. Revenue from Operations

₹ (in lakhs)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| * Sale of food and beverages | 48,615 | 21,919 |
| Revenue from air catering and allied services | 13,449 | 5,760 |
| Other operating revenue | 1,620 | 909 |
| | **63,684** | **28,588** |

* Disclosure in relation to Ind AS 115- "Revenue from contracts with customers": Refer note no. 31

## 20. Other Income

₹ (in lakhs)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Interest Income on: | | |
| - Deposits with banks | 15 | 16 |
| - Others (including income tax refunds) | 76 | 38 |
| | **91** | **54** |
| Dividend Income from current investments | - | 23 |
| Gain on disposal of property, plant and equipment (net) | 15 | 29 |
| Net gain on sale of Investments | - | 33 |
| Provision for doubtful debts written back | 287 | - |
| Unrealised gain on investments carried at fair value through statement of profit and loss | 4 | - |
| Misllaneous receipts | 15 | 125 |
| | **412** | **264** |

## 21. Food and Beverages Consumed

₹ (in lakhs)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Opening Stock | 354 | 219 |
| Add: Purchases | 19,684 | 9,300 |
| **Total** | **20,038** | **9,519** |
| Less: Closing stock | 469 | 354 |
| Food and beverages consumed | **19,569** | **9,165** |

## 22. Employee Benefit Expense and Payment to Contractors

₹ (in lakhs)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 11,531 | 9,683 |
| Company's Contribution to Provident and Other Funds (Refer note (i) below) | 845 | 738 |
| Reimbursement of expenses on personnel deputed to the Company | 114 | 131 |
| Payment to contractors | 3,783 | 2,096 |
| Staff welfare expenses | 1,336 | 1,182 |
| | **17,609** | **13,830** |

# Notes to the Financial Statements

for the year ended March 31, 2023

(i) The Company has recognised the following amounts under the head "Company's Contribution to Provident Fund and Other Funds"

₹ (in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident Fund: | | |
| To Regional Provident Fund (RPF) | 64 | 49 |
| To Indian Hotels Company Limited Employee Provident Fund Trust | 208 | 172 |
| Gratuity Fund | 229 | 241 |
| Company's Contribution to Employee Pension Scheme | 310 | 248 |
| Employee Deposit Linked Insurance | 18 | 15 |
| Superannuation Fund | 16 | 13 |
| **Total** | **845** | **738** |

(ii) Consequent to the acquisition of the Air Catering business from IHCL and its affiliates, the employees attached to the respective Air Catering Divisions of IHCL were transferred to the Company. Since a formal approval to establish the Provident Fund trust for Mumbai, Delhi and Amritsar location is still awaited from the PF Commissioner, the Fund continues to be administered by IHCL. Provident Fund for other locations i.e. Kolkata, Bangalore, Goa and Chennai are administered by the respective Regional Provident Fund Commissioner "RPFC".

## 23. Finance Cost

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Finance costs consist of the following: | | |
| * Interest cost on lease liabilities | 88 | 106 |
| Other interest costs | 106 | 45 |
| | **194** | **151** |

* Disclosure in relation to Ind AS 116- "Leases": *Refer note no. 32*

## 24. Other operating and general expenses

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(i) Operating expenses consist of the following:** | | |
| Catering supplies | 1,947 | 1,097 |
| Other supplies | 653 | 486 |
| Fuel, power and light | 3,753 | 2,389 |
| Repairs to buildings | 237 | 134 |
| Repairs to machinery | 455 | 266 |
| Repairs to others | 677 | 427 |
| Linen and uniform washing and laundry expenses | 283 | 122 |
| Travel agents' commission | 203 | 170 |
| Other operating expenses | 3,019 | 1,935 |
| | **11,227** | **7,026** |

# Notes to the Financial Statements
for the year ended March 31, 2023

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(ii) General expenses consist of the following:** | | |
| Rent | 211 | 119 |
| License fees | 55 | 39 |
| Rates and taxes | 360 | 287 |
| Insurance | 395 | 249 |
| Advertising and publicity | 32 | 39 |
| Printing and stationery | 209 | 135 |
| Passage and Travelling | 58 | 32 |
| Provision for doubtful debts | - | 110 |
| Provision for other receivable | - | 71 |
| SEIS Incentive written off | - | 17 |
| Doubtful advances written off | - | 1 |
| Expenditure on Corporate Social Responsibility *(Refer Footnote (ii) below)* | - | 7 |
| Professional fees | 812 | 382 |
| Outsourced support services | 3 | 5 |
| Payment made to statutory auditors *(Refer Footnote (i) below)* | 65 | 68 |
| Directors' fees and commission | 15 | 16 |
| Corporate shared service fee | 83 | 83 |
| Other expenses | 739 | 509 |
| | **3,037** | **2,169** |
| | **14,264** | **9,195** |
| **Footnotes:** | | |
| **(i) Payment made to Statutory Auditors:** | | |
| As statutory auditors | 53 | 53 |
| As tax auditors | 8 | 8 |
| For other services | - | 5 |
| Reimbursement of out of pocket expenses | 4 | 2 |
| | **65** | **68** |

**(ii)** During the year the Company has incurred ₹ Nil (March 31, 2022: ₹ 16 Lakh) towards Corporate Social Responsibility expenditure. (Refer Note 39).

## 25. Impact of COVID-19

The business of the previous year was impacted due to the specific restrictions imposed by the Sector regulator on domestic and international flights on account of COVID-19. Full resumption of international services commenced effective March 27, 2022. During the current year, the Company witnessed strong rebound in the inflight catering business aided mainly by leisure travel and gradual pickup in business travel. While the business for the current year has normalised to a large extent, the Company will continue to closely monitor any material changes to future economic conditions on account of COVID-19 to assess any possible impact on the Company.

## 26. Going Concern:

The management has adequate funds in the form of cash and financing facilities for the next 12 months to prevent disruption of the operating cash flows and to enable the Company to meet its debts and obligations as they fall due. Accordingly, the financial statements for the year ended March 31, 2023 have been prepared on a going concern basis, which contemplates realisation of assets and settlement of liabilities in the normal course of business.

# Notes to the Financial Statements
for the year ended March 31, 2023

## 27. Contingent Liabilities(to the extent not provided for):

The Company is involved in the following appellate, judicial and arbitration proceeding matters arising in the course of conduct of the Company's businesses. In few of the proceedings in respect of matters under litigation are in early stages, and in other cases, the claims are indeterminate.

### On account of matters in dispute:

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, etc. which are in dispute, are as under:

₹(in lakhs)

| Nature of tax | Amounts claimed | | |
|---|---|---|---|
| | Taxes | Interest and penalty | Total |
| **Income Tax Related Matters** | | | |
| **March 31, 2023** | **97** | **-** | **97** |
| March 31, 2022 | 97 | - | 97 |
| **Service tax** | | | |
| **March 31, 2023** | **1,249** | **-** | **1,249** |
| March 31, 2022 | 1,326 | - | 1,326 |
| **Goods and Service Tax** | | | |
| **March 31, 2023** | **7** | **6** | **13** |
| March 31, 2022 | - | - | - |
| **Sales tax and State value added taxes** | | | |
| **March 31, 2023** | **3,088** | **100** | **3,188** |
| March 31, 2022 | 3,088 | 100 | 3,188 |
| **Central Excise** | | | |
| **March 31, 2023** | **411** | **-** | **411** |
| March 31, 2022 | 411 | - | 411 |
| **Profession Tax** | | | |
| **March 31, 2023** | **4** | **2** | **6** |
| March 31, 2022 | 4 | 2 | 6 |

### (a) Others

1. The license fees for permission for water pipeline over the land belonging to International Airport Private Limited has been enhanced by ₹ 9 lakh (As at March 31, 2022: ₹ 9 lakh) during the financial year 2008-09 which has been contested by the Company.

2. Interest on delayed payment of Airport levy to Airport Authority of India for the years from 1999 to 2014 amounting to ₹ 20 lakh for Taj SATS Air Catering Limited (Formely - Taj Madras Flight Kitchen Private Limited).

3 Management is generally unable to reasonably estimate a range of possible loss for proceedings related to labour disputes, including where:

   (i) plaintiffs/parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

   (ii) the proceedings are in early stages;

   (iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations;

   (iv) there are significant factual issues to be resolved; and/or

   (v) there are novel legal issues presented.

# Notes to the Financial Statements
for the year ended March 31, 2023

However, in respect of the above matters, management does not believe, based on currently available information, that the outcomes of the litigation will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

## 28. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹1,410 lakh (As at March 31, 2022: ₹ 720 lakh)

## 29. Disclosure for scheme of Amalgamation

Scheme of amalgamation of Taj Madras Flight Kitchen Pvt. Ltd. (wholly owned subsidiary company) with the Company, was approved during the previous year and the scheme had become effective from April 1, 2020 (Appointed Date). Accounting effect for the scheme of amalgamation was given in the financial statements for the previous year ended March 31, 2022 by restating the figures for the year ended March 31, 2021.

## 30. Employee Benefits

**(a) The Company has recognised the following expenses as under the head "Contribution to Provident Fund and Other Funds":**

₹ (in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident Fund | 272 | 221 |
| Gratuity Fund | 229 | 241 |
| Company's contribution to Pension Scheme | 310 | 248 |
| Employee Deposit Linked Insurance | 18 | 15 |
| Superannuation Fund | 16 | 13 |
| **Total** | **845** | **738** |

**(b)** In light of the Supreme Court judgement dated February 28, 2019 regarding the definition of wages for calculation of Provident fund contribution, the Company as advised, on a prudent basis, has provided for the liability prospectively from date of judgement.

**(c) The Company operates post retirement defined benefit plans as follows: -**

**Funded:**

i. Post Retirement Gratuity

ii. Provident fund – managed through The Indian Hotels Company Limited Employee Provident Fund Trust.

**Unfunded:**

i. Pension to Employees – Post retirement minimum guaranteed pension scheme for certain categories of employees, which is unfunded.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(d)** The above defined benefit plans typically expose the Company to actuarial risks such as: investment risks, interest rate, longevity risk and salary risk.

| | |
|---|---|
| Investment Risk | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to government security yields prevailing as at the Balance sheet date. If the return on plan asset is below this rate, it will create a plan deficit. The current plan has relatively balanced mix of investments in equity, government securities, bonds and other debt instruments. Due to the long-term nature of the plan liabilities, the Trustees of the Fund consider it appropriate that a reasonable portion of the plan asset should be invested in equity securities to leverage the return generated by the Fund. |
| Interest Risk | A decrease in the bond interest rate will increase the plan liability; however, this will partially be offset by an increase in the return on the plan's debt investments. |
| Longevity Risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary Risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

**(e) Pension Scheme for Employees:**

The Company has formulated a unfunded pension scheme for certain employees. The actuarial liability arising on the above, after allowing for employees' contribution is determined as at the year end, on the basis of uniform accrual benefit, with demographic assumptions taken as Nil.

**(f) Provident Fund:**

The Provident fund for Mumbai and Delhi units are administered by a separate independent Trust (Indian Hotels Company Limited Employee Provident Fund Trust). These trusts maintain their assets at the company level and do not have assets identifiable specifically for the Company. Other locations i.e. Kolkata, Bangalore, Goa and Chennai contribute to respective regional provident funds.

The Company contributed ₹ 208 lakh (As at March 31, 2022: ₹ 172 lakh) towards the above trust and has been recognised in the statement of profit and loss.

**(g) Defined Benefit Plans – As per Actuarial Valuation**

**(i) Amount to be recognised in Balance Sheet and movement in net liability**

| | Gratuity (Funded) ₹ (in lakhs) | Pension (Unfunded) ₹ (in lakhs) |
|---|---|---|
| **Present Value of Funded Obligations** | | |
| **March 31, 2023** | **4,377** | **-** |
| March 31, 2022 | 4,297 | - |
| **Present Value of Unfunded Obligations** | | |
| **March 31, 2023** | **-** | **3** |
| March 31, 2022 | - | 3 |
| **Fair Value of Plan Assets** | | |
| **March 31, 2023** | **(4,235)** | **-** |
| March 31, 2022 | (3,934) | - |
| **Net (Asset) / Liability** | | |
| **March 31, 2023** | **142** | **3** |
| March 31, 2022 | 363 | 3 |

# Notes to the Financial Statements
for the year ended March 31, 2023

### (ii) Expenses recognised in the statement of profit and loss

| | Gratuity (Funded) ₹ (in lakhs) | Pension (Unfunded) ₹ (in lakhs) |
|---|---|---|
| **Current Service Cost** | | |
| **Year Ended March 31, 2023** | **212** | **0** |
| Year Ended March 31, 2022 | 217 | 0 |
| **Past Service Cost** | | |
| **Year Ended March 31, 2023** | **-** | **-** |
| Year Ended March 31, 2022 | - | - |
| **Interest Cost** | | |
| **Year Ended March 31, 2023** | **17** | **0** |
| Year Ended March 31, 2022 | 24 | 0 |
| **Total Expense** | | |
| **Year Ended March 31, 2023** | **229** | **0** |
| Year Ended March 31, 2022 | 241 | 0 |

### (iii) Reconciliation of Defined Benefit Obligation

| | Gratuity (Funded) ₹ (in lakhs) | Pension (Unfunded) ₹ (in lakhs) |
|---|---|---|
| **Opening Defined Benefit Obligation** | | |
| **March 31, 2023** | **4,297** | **3** |
| March 31, 2022 | 4,194 | 3 |
| **Current Service Cost** | | |
| **March 31, 2023** | **212** | **0** |
| March 31, 2022 | 217 | 0 |
| **Past Service Cost** | | |
| **March 31, 2023** | **-** | **-** |
| March 31, 2022 | - | - |
| **Interest Cost** | | |
| **March 31, 2023** | **271** | **0** |
| March 31, 2022 | 267 | 0 |

| | Gratuity (Funded) ₹ (in lakhs) | Pension (Unfunded) ₹ (in lakhs) |
|---|---|---|
| **Actuarial loss / (gain)** | | |
| **March 31, 2023** | **83** | **0** |
| March 31, 2022 | (212) | 8 |
| **Benefits Paid** | | |
| **March 31, 2023** | **(486)** | **-** |
| March 31, 2022 | (226) | (8) |
| **Laibility assumed/ (Settled)** | | |
| **March 31, 2023** | **-** | **-** |
| March 31, 2022 | 57 | - |
| **Closing Defined Benefit Obligation** | | |
| **March 31, 2023** | **4,377** | **3** |
| March 31, 2022 | 4,297 | 3 |

# Notes to the Financial Statements
for the year ended March 31, 2023

### (iv) Reconciliation of Fair Value of Plan Assets

| | Gratuity (Funded) ₹ (in lakhs) | Pension (Unfunded) ₹ (in lakhs) |
|---|---|---|
| **Opening Fair Value of Plan Assets** | | |
| **March 31, 2023** | **3,934** | **-** |
| March 31, 2022 | 3,732 | - |
| **Interest on Plan Assets** | | |
| **March 31, 2023** | **254** | **-** |
| March 31, 2022 | 243 | - |
| **Actual return on Plan Assets less Interest on Plan Assets** | | |
| **March 31, 2023** | **(132)** | **-** |
| March 31, 2022 | (23) | - |
| **Contribution by Employer** | | |
| **March 31, 2023** | **665** | **-** |
| March 31, 2022 | 151 | 8 |
| **Benefits Paid** | | |
| **March 31, 2023** | **(486)** | **-** |
| March 31, 2022 | (226) | (8) |
| **Asset Acquired / (Settled)** | | |
| **March 31, 2023** | **-** | |
| March 31, 2022 | 57 | |
| **Closing Fair Value of Plan Assets** | | |
| **March 31, 2023** | **4,235** | **-** |
| March 31, 2022 | 3,934 | - |

### (v) Description of Plan Assets (Managed by an Insurance Company)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Government of India Securities | 52% | 50% |
| Corporate Bonds | 21% | 19% |
| Equity | 17% | 17% |
| Money Market and Others | 10% | 14% |
| **Total** | **100%** | **100%** |

# Notes to the Financial Statements
for the year ended March 31, 2023

### (vi) Actuarial Assumptions

| Particulars | Gratuity (Funded) | | Pension (Unfunded) | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Discount rate (p.a.) | 7.45% | 6.80% | 7.45% | 6.80% |
| Salary Escalation Rate (p.a.) | 5.00% p.a | 5.00% p.a | 5.00% | 5.00% |
| Employee Turnover | 21-30 years 5% p.a. | 21-30 years 5% p.a. | 21-30 years 5% p.a. | 21-30 years 5% p.a. |
| | 31-59 years 1% p.a. | 31-59 years 1% p.a. | 31-59 years 1% p.a. | 31-59 years 1% p.a. |
| Mortality table* | | | | |
| Mortality in service | Table 1 | Table 1 | Table 1 | Table 1 |
| Mortality in retirement | Table 2 | Table 2 | Table 2 | Table 2 |

*Table 1 – Indian Assured Lives mortality (2012-14) Ult table

Table 2 – UK published S1PA Mortality rate

### (vii) Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | |
|---|---|---|
| | Discount Rate | Salary Escalation Rate |
| Impact of increase in 50 bps on DBO | 4,223 | 4,545 |
| Impact of decrease in 50 bps on DBO | 4,542 | 4,219 |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

### (viii) Amount recorded in other comprehensive income

₹ (in lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Remeasurements during the period due to** | | |
| Change in financial assumptions | (215) | - |
| Change in demographic assumptions | - | - |
| Experience adjustments | 299 | (212) |
| Experience adjustments on plan assets | 133 | 22 |
| **Total** | **217** | **(190)** |

**Footnote:**

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

# Notes to the Financial Statements
for the year ended March 31, 2023

### Code on Social Security, 2020:

The Code on Social Security, 2020 ('the Code') relating to employee benefits received Presidential assent on September 28, 2020. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020 and invited suggestions from the stakeholders. The date of implementation of the Code is yet to be notified by the Government and when implemented will impact the contributions by the Company towards benefits such as Provident Fund, Gratuity etc. The Company will assess the impact of the Code and give effect in the financial results when the Code and Rules thereunder are notified.

## 31. Ind AS 115 'Revenue from contracts with customers'

Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of profit and loss:

### Disaggregated Revenue

#### i) Revenue from operations

₹ (In lakhs)

| Revenue from contract with customers | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) Sale of food and beverages | 48,615 | 21,919 |
| (b) Revenue from Air catering and Allied services | 13,449 | 5,760 |
| (c) Other Operating Income | 1,620 | 909 |
| **Total Revenue from operations** | **63,684** | **28,588** |

#### ii) Revenue based on products and services:

₹ (In lakhs)

| Revenue from contract with customers | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of food and beverages | 48,615 | 21,919 |
| Handling services | 6,415 | 2,505 |
| Hi-loader service | 5,525 | 2,527 |
| Laundry services | 526 | 142 |
| Bonded warehouse rental | 588 | 433 |
| Miscellaneous services | 395 | 153 |
| Other operating revenue | 1,620 | 909 |
| **Total Revenue** | **63,684** | **28,588** |

### Contract Balances

#### Contract liability

The contract liability relates to the advance consideration received from customers before the related performance obligation is satisfied. Revenue is recognised once the performance obligation is over/ services delivered.

The related disclosures are as under:

₹ (In lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Advances collected from the customers * | 2,347 | 1,303 |

* Considering the nature of the business, the advance collected are generally materialised as revenue within the same operating cycle.

# Notes to the Financial Statements
for the year ended March 31, 2023

## 32. Leases

The Company has taken land, vehicles and other moveable assets on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring within one to ten years. On renewal, the terms of the leases are renegotiated.

### (a) Total lease liabilities are analysed as under:

₹ (In lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current* | 523 | 586 |
| Non current | 499 | 686 |
| **Total** | **1,022** | **1,272** |

* The Current Portion of the lease liability is excluding the interest component on the lease liability. Actual Lease Payments (including notional interest as per Ind AS 116) would be ₹ 591 lakh. Refer note (b) below for the Maturity Analysis of the Lease Payments.

### (b) Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations

₹ (In lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Maturity analysis:** | | |
| Less than 1 year | 591 | 670 |
| Between 1 and 5 years | 458 | 653 |
| More than 5 years | 122 | 156 |
| **Total** | **1,171** | **1,479** |

### (c) Overall lease rentals (including provisions) are as below:

₹ (In lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Minimum Lease Payments | 374 | 443 |
| **Total** | **374** | **443** |

## 33. Related Party Disclosures:

### (a) The names of related parties of the Company are as under:

### i. Entities having joint control

| Name of the Company | Country of Incorporation |
|---|---|
| The Indian Hotels Company Limited (IHCL) | India |
| SATS Ltd. | Singapore |

### ii. Key management Personnel

| Particulars | Relation |
|---|---|
| Manish Gupta | Chief Executive Officer |

# Notes to the Financial Statements
for the year ended March 31, 2023

### iii. Subsidiaries of Entities having joint control

| Name of the Company | Country of Incorporation |
|---|---|
| Domestic | |
| United Hotels Ltd. | India |
| Ideal Ice Limited | India |
| Roots Corporation Ltd. | India |
| Piem Hotels Ltd. | India |

### iv. Entities where Directors have control /significant influence

| Particulars | Place of Incorporation |
|---|---|
| SATS (India) Co. Pvt Ltd. | India |

### v. Post-employment benefit plans:

Taj SATS Air Catering Limited Staff Gratuity Trust

Taj SATS Air Catering Limited Superannuation Scheme

The Indian Hotels Company Limited Employee Provident Fund Trust

## (b) Details of Related party transactions during the year:

(₹ In lakhs)

| Particulars | | Entities having joint control | Key Management Personnel | Others (IHCL Subsidiaries) | Entities influenced by Directors | Post Retirement benefit plans |
|---|---|---|---|---|---|---|
| Details of Related party transactions during the year ended March 31, 2023 | | | | | | |
| Sale of goods | March 31, 2023 | 293 | - | 49 | - | - |
| | March 31, 2022 | 348 | - | 70 | - | - |
| Corporate shared service fee | March 31, 2023 | 83 | - | - | - | - |
| | March 31, 2022 | 83 | - | - | - | - |
| Purchase of services | March 31, 2023 | 24 | - | 31 | - | - |
| | March 31, 2022 | 52 | - | 7 | - | - |
| Deputed Staff cost | March 31, 2023 | 105 | - | - | - | - |
| | March 31, 2022 | 103 | - | - | 37 | - |
| Sale of services | March 31, 2023 | 7 | - | 4 | - | - |
| | March 31, 2022 | 5 | - | - | - | - |
| Reimbursement of expenses | March 31, 2023 | 134 | - | - | - | - |
| | March 31, 2022 | 81 | - | - | - | - |
| Contribution to funds | March 31, 2023 | - | - | - | - | 453 |
| | March 31, 2022 | | | - | - | 386 |
| Remuneration Paid | March 31, 2023 | - | 170 | 3 | - | - |
| | March 31, 2022 | - | 131 | - | - | - |

# Notes to the Financial Statements
for the year ended March 31, 2023

### (c) Details of Related party balances:

(₹ In lakhs)

| Particulars | Ventures (IHCL and SATS Ltd.) | Key Management Personnel | Others (IHCL) Subsidiaries) | Entities influenced by Directors | Post Retirement benefit plans |
|---|---|---|---|---|---|
| **The details of amounts due to or from related parties as at March 31, 2023 are as follows:** | | | | | |
| **Balance outstanding at the end of the year** | | | | | |
| **Trade Payables** | | | | | |
| **March 31, 2023** | **16** | **-** | **5** | **-** | **145** |
| March 31, 2022 | 58 | - | 7 | - | 365 |
| **Trade Receivables** | | | | | |
| **March 31, 2023** | **49** | | **10** | **-** | **-** |
| March 31, 2022 | 57 | - | 25 | - | - |

Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole and long term incentive.

### (d) Remuneration paid to Key Management Personnel:

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Manish Gupta | 170 | 131 |
| Total | **170** | **131** |

### (e) Statement of Material Transactions:

(₹ In lakhs)

| Name of the Company | | The Indian Hotels Company Ltd. | SATS Ltd. | Post- retirement benefit plan | Roots Corporation Ltd. |
|---|---|---|---|---|---|
| Sale of goods | March 31, 2023 | 293 | - | - | - |
| | March 31, 2022 | 348 | - | - | 0 |
| Purchase of services | March 31, 2023 | 24 | - | - | 4 |
| | March 31, 2022 | 52 | - | - | 1 |
| Deputed Staff cost | March 31, 2023 | 105 | - | - | - |
| | March 31, 2022 | 103 | - | - | - |
| Sale of services | March 31, 2023 | 7 | - | - | 4 |
| | March 31, 2022 | 5 | - | - | - |
| Reimbursement of expenses | March 31, 2023 | 134 | - | - | - |
| | March 31, 2022 | 81 | - | - | - |
| Corporate shared service fee | March 31, 2023 | 83 | - | - | - |
| | March 31, 2022 | 83 | - | - | - |
| Contribution to Funds | March 31, 2023 | - | - | 453 | - |
| | March 31, 2022 | - | - | 386 | - |

# Notes to the Financial Statements
for the year ended March 31, 2023

(₹ In lakhs)

| Name of the Company | | Piem Hotels Ltd. | Ideal Ice Limited | United Hotels Ltd. | SATS (India) Co. Private Ltd. |
|---|---|---|---|---|---|
| Sale of goods | March 31, 2023 | 11 | 34 | 4 | - |
| | March 31, 2022 | 22 | 43 | 5 | - |
| Deputed Staff cost | March 31, 2023 | - | - | - | - |
| | March 31, 2022 | - | - | - | 37 |
| Sale of services | March 31, 2023 | - | - | - | - |
| | March 31, 2022 | - | - | - | - |
| Reimbursement of expenses | March 31, 2023 | - | 3 | - | - |
| | March 31, 2022 | - | - | - | - |
| Purchase of services | March 31, 2023 | - | 27 | - | - |
| | March 31, 2022 | - | 6 | - | - |

## 34. Tax disclosures

### i. Income tax recognised in statement of profit and loss:

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Current tax expense** | | |
| In respect of earlier years# | 35 | 21 |
| | **35** | **21** |
| **Deferred tax expense** | | |
| In respect of current year | 2,708 | (1,218) |
| | **2,708** | **(1,218)** |
| **Net income tax expense recognised in the statement of profit and loss** | **2,743** | **(1,197)** |

In the previous year ended March 31, 2022, the Company had recognised deferred tax asset of ₹ 922 lakh on business loss of ₹ 3,665 lakh and ₹ 296 lakh on unabsorbed depreciation of ₹ 1,177 lakh. Deferred tax asset on account of business loss recognised in previous year has been fully utilised in the current year against the taxable business income of the current year. As on March 31, 2023, the Company has recognised deferred tax asset of ₹ 474 lakh on unabsorbed depreciation of ₹ 1,835 lakh and carried forwards capital gains of ₹ 55 lakh. Deferred tax asset created on account of unabsorbed depreciation can be carried forward and there is no statutory time limit to offset the same. Deferred tax asset created on account of capital losses can be utilised within the statutory time limit.

# Income tax expense of ₹ 35 lakh for the financial year 2022-23 is in respect of provision for income tax for the financial year 2019-20. Income tax expense of ₹ 21 lakh for the financial year 2021-22 is in respect of provision for interest u/s 234C for the financial year 2017-18.

The Company has reviewed its income tax treatments in order to determine whether Appendix C of Ind AS 12 effective from April 1, 2019 could have an impact on the Financial Statements and concluded that it has no material impact on the Company's financial statements.

As a practice, where the interpretation of income tax law is not clear, management relies on the some or all of the following factors to determine the probability of its acceptance by the tax authority:

- Strength of technical and judicial argument and clarity of the legislation;
- Past experience related to similar tax treatments in its own case;
- Legal and professional advice or case law related to other entities.

# Notes to the Financial Statements

for the year ended March 31, 2023

After analysing above factors for each of such uncertain tax treatments, where the Company expects that the probability to sustain its position on ultimate resolution of such uncertain tax treatment is remote, the Company ensures that such uncertain tax positions are adequately provided for in the financial statements.

### ii. The income tax expenses for the year reconciled to the accounting profit:

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit / (Loss) before tax from continuing operations: | 10,703 | (5,195) |
| Income tax expenses calculated at 25.168 % | 2,694 | (1,307) |
| Effect of depreciation expense not deductible in determining taxable profit | (7) | 18 |
| Effect of Corporate Social Responsibility expense not deductible in determining taxable profit | - | 2 |
| Effect of one time provision for doubtful debt | - | (27) |
| Effect of expenses that are not deductible in determining taxable profit | (3) | 52 |
| Others | 24 | 44 |
| | **2,708** | **(1,218)** |
| Tax expense / (Credit) relating to previous year | 35 | 21 |
| **Net income tax credit recognised in the statement of profit and loss** | **2,743** | **(1,197)** |

### iii. Analysis of deferred tax assets presented in the balance sheet

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Deferred tax assets (net) | - | 1,365 |
| Deferred tax liabilities (net) | 1,343 | - |
| Deferred Tax Liabilities / Assets (net) | **1,343** | **1,365** |

### a. Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ In lakhs)

| Particulars | Opening balance as at April 1, 2022 | Recognised in profit or loss | Closing balance as at March 31, 2023 |
|---|---|---|---|
| Property, plant and equipment and intangible assets | (2,433) | 99 | (2,334) |
| Provision for employee benefits | 333 | (46) | 287 |
| Provision for doubtful debts | 162 | (72) | 90 |
| Right-of-Use assets (net of Lease Liabilities) | 113 | (25) | 88 |
| Current year business loss to be carried forward | 3,152 | (2,676) | 476 |
| Others | 38 | 12 | 50 |
| **Net Deferred Tax Asset / (Liabilities)** | **1,365** | **(2,708)** | **(1,343)** |

# Notes to the Financial Statements
for the year ended March 31, 2023

### b. Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ In lakhs)

| Particulars | Opening balance as at April 1, 2021 | Recognised in profit or loss | Closing balance as at March 31, 2022 |
|---|---|---|---|
| Property, plant and equipment and intangible assets | (2,502) | 69 | (2,433) |
| Provision for employee benefits | 383 | (50) | 333 |
| Provision for doubtful debts | 107 | 55 | 162 |
| Lease Liabilities | 151 | (38) | 113 |
| Current year business loss to be carried forward | 1,933 | 1,219 | 3,152 |
| Others | 75 | (37) | 38 |
| **Net Deferred Tax Assets** | **147** | **1,218** | **1,365** |

## 35. Segment Information:

The Company is engaged in the business of airline and allied catering only. These, in the context of Indian Accounting Standard 108 (Ind AS 108) on segment reporting are considered to constitute single operating segment. The Company has its entire operations in India and hence entire revenue is generated in India, all the services are rendered to the customers in India and there are no assets which are situated outside India.

As the Company is engaged in a single operating segment, segment information is tabulated below:

### Revenue from major products and services

The following is an analysis of the Company's revenue from operations from its major products and services.

₹ (in lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Sale of food and beverages | 48,615 | 21,919 |
| Handling services | 6,415 | 2,505 |
| Hi-Lift services | 5,525 | 2,527 |
| **Total** | **60,555** | **26,951** |

### Information about major customers

Included in revenue arising from operations of ₹ 63,484 lakh (2021-22: ₹28,588 lakh) (see note 19) are revenues of approximately ₹39,223 lakh (2021-22:₹12,264 lakh) which arose from sales to Company's five largest customers that contributes greater than 10% of the revenues during the year. No other single customers contributed 10% or more to the Company's revenue for the year ended March 31, 2023 and March 31, 2022.

# Notes to the Financial Statements

for the year ended March 31, 2023

## 36. Earnings per Share (EPS):

Earnings Per Share is calculated in accordance with Indian Accounting Standard 33 – 'Earnings Per Share'

₹ (in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/(Loss) after tax (₹ lakh) | 7,960 | (3,998) |
| **Weighted Average Number of Ordinary Shares:** | | |
| Considered in calculation of Basic EPS | 1,74,00,000 | 1,74,00,000 |
| Considered in calculation of Diluted EPS | 1,74,00,000 | 1,74,00,000 |
| Face Value per Ordinary Share (₹) | 10 | 10 |
| Earnings Per Share (₹): | | |
| Basic and Diluted | 45.75 | (22.98) |

## 37. Financial Instruments

### (a) Financial assets and liabilities

The carrying value of financial instruments by categories is as follows.

### Fair Value Measurement:

(₹ In lakhs)

| March 31, 2023 | Fair value through profit and loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | - | 4,534 | 4,534 |
| Bank balance other than cash and cash equivalents | - | 313 | 313 |
| Investments | 1,004 | - | 1,004 |
| Trade Receivables | - | 9,460 | 9,460 |
| Loans | - | 17 | 17 |
| Other financial assets | - | 2,335 | 2,335 |
| **Total** | **1,004** | **16,659** | **17,663** |
| **Financial liabilities:** | | | |
| Lease Liabilities | - | 1,022 | 1,022 |
| Trade Payables | - | 6,083 | 6,083 |
| Other financial liabilities | - | 3,724 | 3,724 |
| **Total** | **-** | **10,829** | **10,829** |

(₹ In lakhs)

| March 31, 2022 | Fair value through profit and loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | - | 455 | 455 |
| Other balance with banks | - | 310 | 310 |
| Trade Receivable | - | 5,291 | 5,291 |
| Loans | - | 19 | 19 |
| Other financial assets | - | 1,766 | 1,766 |
| **Total** | **-** | **7,841** | **7,841** |

# Notes to the Financial Statements

for the year ended March 31, 2023

(₹ In lakhs)

| March 31, 2022 | Fair value through profit and loss | Amortised cost | Total carrying value |
|---|---|---|---|
| **Financial liabilities:** | | | |
| Lease Liabilities | | 1,272 | 1,272 |
| Trade Payables | - | 3,854 | 3,854 |
| Borrowings | - | 1,023 | 1,023 |
| Other financial liabilities | - | 2,898 | 2,898 |
| **Total** | **-** | **9,047** | **9,047** |

### Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes mutual funds that have quoted price/ declared NAV.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(₹ In lakhs)

| March 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Mutual fund units | - | 1,004 | - | 1,004 |
| **Total** | **-** | **1,004** | **-** | **1,004** |

(₹ In lakhs)

| March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Mutual fund units | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

### Note:

For unquoted investments categorised under level 2, their respective net assets value as on March 31, 2023 has been considered as an appropriate fair value.

i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, short term loans, deposits etc. because their carrying amounts are a reasonable approximation of fair value.

ii) The carrying amounts of the borrowings that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(b) Financial risk management:**

The Company has exposure to the following risk arising from financial instruments

### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

### ii) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. However, the Company does not have any exposure to hedged or unhedged foreign currency as on March 31, 2023 and hence it is not exposed to foreign currency exchange rate risk.

### iii) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company does not have any long term borrowings at variable interest rates and hence is not exposed to interest rate risk.

### iv) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits, loans and other financial assets. None of the other financial instruments of the Company result in material concentration of credit risk

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Credit limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 17,663 lakh and ₹7,841 lakh as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments.

The Company's exposure to customers is diversified and customers contributing to more than 10% of outstanding accounts receivable and unbilled revenue are as given below.

₹ (in lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Customer count | 2 | 3 |
| Amount receivable | 4,424 | 2,919 |

There is no other single customer contributing to more than 10% of the accounts receivable and unbilled revenue.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(c) Capital Management:**

The Company's objective for capital management is to maximise shareholders value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and borrowings – long-term and short-term. The Company has undrawn overdraft/ cash credit facility for meeting its future working capital requirements. Subsequently to the reporting date, management has commenced the process to secure additional financing to fulfil its long term/working capital requirements.

**(d) Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

### Maturities of financial liabilities

The Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross undiscounted and exclude future contractual interest payments.

(₹ in lakhs)

| Non-derivative financial liabilities | Carrying value As at Balance Sheet date | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|---|
| **Lease Liabilities** | | | | | | |
| **March 31, 2023** | **1,022** | **591** | **246** | **212** | **122** | **1,171** |
| March 31, 2022 | 1,272 | 670 | 238 | 415 | 156 | 1,479 |
| **Trade and other payables** | | | | | | |
| **March 31, 2023** | **6,083** | **6,083** | **-** | **-** | **-** | **6,083** |
| March 31, 2022 | 3,854 | 3,854 | - | - | - | 3,854 |
| **Other financial liabilities** | | | | | | |
| **March 31, 2023** | **3,567** | **3,567** | **-** | **-** | **-** | **3,567** |
| March 31, 2022 | 2,799 | 2,799 | - | - | - | 2,799 |
| **March 31, 2023** | **10,672** | **10,241** | **246** | **212** | **122** | **10,821** |
| March 31, 2022 | 7,925 | 7,323 | 238 | 415 | 156 | 8,132 |

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Company does not breach borrowing limits. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial ratio targets.

## 38. Earnings in Foreign Exchange:

₹ (in lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Earnings in Foreign Exchange: | 10,499 | 3,957 |
| (On accrual basis) | | |

Earnings in foreign exchange represent amounts received/receivable by the Company (exclusive of taxes) from International Airlines, charters, diplomatic missions etc. in Indian Rupees out of their repatriable funds and include settlements made in foreign currency by the customers.

# Notes to the Financial Statements
for the year ended March 31, 2023

## 39. Corporate Social Responsibility (CSR):

As required by Section 135 of Companies Act 2013, and rules therein, the Company has spent the following amount during the year towards Corporate Social Responsibility (CSR) for activities listed under Section VII of the Companies Act, 2013

a) Gross amount required to be spent by the Company during the financial year 2022-23 is ₹ Nil (As at March 31, 2022: ₹ 7 lakh).

b) Amount spent during the year on:

₹ (in lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| On purpose other than Construction/ acquisition of any asset | - | 16 |

c) There are no unspent amount which needs to be disclosed as a part of Section 135(5) of Companies Act, 2013.

d) There excess amount which needs to be disclosed as a part of Section 135(6) of Companies Act, 2013.

₹(in lakhs)

| Opening Balance | Amount required to be spent during the year | Amount Spent during the year | Closing Balance |
|---|---|---|---|
| 9 | - | - | 9 |

e) Disclosure with regard to CSR activities:-

₹(in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (i) amount required to be spent by the company during the year | - | 7 |
| (ii) amount of expenditure incurred | - | 7 |
| (iii) shortfall at the end of the year | - | - |
| (iv) total of previous years shortfall | - | - |
| (v) reason for shortfall | N.A. | N.A. |
| (vi) nature of CSR activities | N.A. | 1. For supporting livelihood programs for the hearing impaired in India.<br>2. Cleaning of neighborhood areas, placing of dustbins, plantation of trees and environmental awareness campaign. |
| (vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | N.A. | N.A. |
| (viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | N.A. | N.A. |

## 40. Overdraft balance

Overdraft in current account aggregating to ₹ Nil (March 31, 2022: ₹ 1,023 lakh) carries interest rate in the range of 6.80% p.a. - 10.70% p.a. during the financial year 2022-23 (2021-22: 7.00% p.a. - 8.80% p.a.)

# Notes to the Financial Statements
for the year ended March 31, 2023

## 41. Additional regulatory information:

### (a) Ratios:

| S.No. | Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 1 | Current Ratio (in times) | Total Current Asset | Total Current Liabilities excluding current maturities of long term borrowings | 1.22 | 0.71 |
| 2 | Debt Equity Ratio (in times) | Non - Current Borrowings + Current Borrowings | Total Equity | - | 0.05 |
| 3 | Debt service coverage ratio (in times) | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | [Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | 33.83 | (7.53) |
| 4 | Return On Equity (ROE) ratio (in %) | Profit/(Loss) after tax | Average total equity | 35% | -19% |
| 5 | Inventory Turnover | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 6 | Trade receivables turnover ratio (in times) | Revenue from operations (grossed up for taxes and levies) | Average trade receivables | 11.31 | 6.69 |
| 7 | Trade payables turnover ratio (in times) | Total expenses - Depreciation - Interest - Payroll Cost | Average trade payables | 6.81 | 5.08 |
| 8 | Net capital turnover ratio (in times) | Net Sales | * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) | 20.70 | -9.30 |
| 9 | Net profit ratio (in %) | Profit of the year | Total Income | 12% | -14% |
| 10 | Return on Capital employed (in %) | Profit before tax and finance costs | * Avg Equity + Avg Debt + Avg Leases | 44% | -20% |
| 11 | Return on investment (in %) | Income generated from invested funds | Average invested funds in treasury investments | 6.64% | Not Applicable |

**Explanation to the Ratios:**

(i) Current Ratio has improved due to strong operating cash flows and absence of any borrowings as on reporting date.

(ii) Debt Equity ratio is nil as there is no debt as on reporting date.

(iii) Debt service coverage ratio has improved due to improvement in busines and higher earnings at profit before taxes and reduced financing cost.

(iv) Return on equity has improved because of improvement in Profit After Tax.

(v) Trade receivable turnover ratio has improved on account higher collections from the customers.

(vi) Trade payable turnover ratio has increased in line with the increase in business volume vis-à-vis previous year.

(vii) Net capital turnover ratio has increased due to increase in revenue from operations.

(viii) Net profit ratio has improved due to improvement in profits for the current year vis-à-vis previous year.

(ix) Return on capital employed has improved due to improvement in busines and higher earnings at profit before taxes, reduced financing cost and absence of debt as on reporting date.

(x) Return on investment has improved in the current year as there was no investment in the previous year.

# Notes to the Financial Statements
for the year ended March 31, 2023

**(b) Transactions with Struck Off Companies:**

The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

| Name of the struck off company | Nature of transactions with struck-off Company | Balance outstanding ₹ (in lakhs) | Relationship with the Struck off company, if any, to be disclosed |
|---|---|---|---|
| Rama Comprint Private Limited | Payables | 0 | Supplier of computer stationery |

**(c) Revaluation of property, plant and equipment (including right-of-use assets) or intangible assets:**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**(d) Unrecorded trsnsactions of income surrendered or disclosed in the tax assessments:**

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**(e) Filing of returns and statements with banks:**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**(f) Utilisation of Borrowed funds and share premium:**

(A) The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) any funds, that have been to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any funds from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

(i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

# Notes to the Financial Statements
for the year ended March 31, 2023

### (g) Title deeds of Immovable Properties not held in name of the Company:

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value ₹ (in lakhs) | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company |
|---|---|---|---|---|---|---|
| Property, plant and equipment | Land | 27 | The Indian Hotels Company Limited | Yes | October 1, 2001 | In accordance with the Business Transfer Agreement entered with IHCL, the land located at Mumbai is to be conveyed in favour of the Company. However, the same is pending completion of certain legal formalities. |

Refer footnote (ii) to note 3(a)

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Viren Soni**
Partner
Membership No. 117694

Mumbai, April 18, 2023

**For and on behalf of the Board of Directors**
**Taj SATS Air Catering Limited**
CIN: U55204MH2001PLC133177

**Puneet Chhatwal**
Chairman
DIN: 07624616

**Mehernosh Kapadia**
Vice Chairman
DIN: 00050530

**Giridhar Sanjeevi**
Director
DIN: 06648008

**Manish Gupta**
Chief Executive Officer

**Sudeep Pal**
Chief Financial Officer

**Bakhtawar K. Irani**
Company Secretary
Membership No: A17753

Mumbai, April 18, 2023

# Independent Auditor's Report

To the Members of **TAJ ENTERPRISES LIMITED**

Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements (Ind AS Financials Statements) of Taj Enterprises Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended,("Ind AS") and other accounting principles generally adopted in India, of the state of affairs of the Company as at March 31, 2023, and its profits, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the annual 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 during the course of our 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.

## Management's Responsibilities for the Financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other 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 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

# Independent Auditor's Report (Contd.)

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, management and Board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an 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 in the financial Statements made by Management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of financial statements 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 (including other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with in this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the rules issued there under.

    e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

       In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year hence the provisions of the section 197 of the Act are not applicable.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position.

       (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2023 for which there were any material foreseeable losses.

       (iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

       (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

       (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

# Independent Auditor's Report (Contd.)

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The company has not paid/declared any dividends during the year. Hence, compliance of section 123 of the act is not applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

For **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No: 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688
UDIN: 23223688BGQXGA7672

Place: Gurugram
Date: April 20, 2023

# Annexure ‘A’ to the Independent Auditor’s Report

The **Annexure A**, referred to in Clause 1 (f) of “**Report on Other Legal and Regulatory Requirements**” Paragraph of the Independent Auditor’s Report of even date to the members of **Taj Enterprises Limited** on the financial statements as of and for the year ended March 31, 2023.

## Report on the Internal Financial Controls over Financial Reporting 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 Taj Enterprises Limited (“the Company”) as of March 31, 2023 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 (the “ICAI”).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

# Annexure ‘A’ to the Independent Auditor’s Report (Contd.)

## 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, 2023, based on the criteria for internal financial control over financial reporting 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 ICAI.

For **Brahmayya & Co.**
Chartered Accountants
Firm’s Regn No: 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688
UDIN: 23223688BGQXGA7672

Place: Gurugram
Date: April 20, 2023

# Annexure 'B' to the Independent Auditor's Report

The **Annexure B**, Referred to in Clause 2 of "**Report on Other Legal and Regulatory Requirements**" Paragraph of the Independent Auditor's Report of even date to the members of **Taj Enterprises Limited** on the financial statements as of and for the year ended March 31, 2023.

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The company is maintaining proper records, showing full particulars of Intangible assets.

(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals. According to the information and explanation given to us by the management, no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no immovable properties held by the Company. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the company.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The management has conducted physical verification of inventory at reasonable intervals which in our opinion the coverage and procedure of such verification by the management is appropriate having regard to the size and nature of business and no discrepancies of 10% or more in aggregate for each class of inventory were noticed on physical verification.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

iii. In respect of investments made, provision of any guarantee or security or granting of any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or any other parties:

(a) During the year the Company has not granted any loans or provided any guarantee or security to subsidiary, joint ventures, associates or any other parties except as follows:

(₹ in lakhs)

| | Guarantees | Security | Loans |
|---|---|---|---|
| **Aggregate amount granted/provided during the year:** | | | |
| - Subsidiaries | - | - | - |
| - Joint Ventures | - | - | - |
| - Associates | - | - | - |
| - Other Related Party (Refer Note 34) | - | - | 384.06 |
| - Others | - | - | - |
| **Outstanding Balance as on March 31, 2023:** | | | |
| - Subsidiaries | - | - | - |
| - Joint Ventures | - | - | - |
| - Associates | - | - | - |
| - Other Related Party (Refer Note 34) | - | - | 384.88 |
| - Others | - | - | - |

(b) In our opinion and according to the information and explanations given to us and based on the documents examined by us the terms and conditions of loan given by the Company, are not prima facie prejudicial to the interest of the company.

# Annexure 'B' to the Independent Auditor's Report (Contd.)

(c) In respect of the loan given, the schedule of repayment of principal and payment of interest is stipulated and neither interest nor principal is due for payment as on March 31, 2023, accordingly commenting on the regularity of repayment doesn't arise.

(d) In respect of the said loan, there are no overdue amount in respect of principal and interest.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no loan or advance in the nature of loan which has fallen due during the year has been renewed or extended or fresh loan granted to settle the overdue of the existing loans given to the same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to Promoters, related parties as defined in clause (76) of Section 2 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable. The Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 of the Companies Act, 2013.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Luxury Tax, Value Added Tax, Goods and Services Tax (GST), Service tax, Customs Duty, Excise Duty, Cess and other statutory dues during the year with the appropriate authorities. There are no outstanding statutory dues as at March 31, 2023 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 dues of Income tax, Sales tax, Goods and Services Tax (GST), Service tax, customs duty, excise duty, value added tax and other statutory dues which have not been deposited on account of any dispute.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) The company has not raised any short-term funds during the year and hence reporting under clause 3(ix)(d) of the order is not applicable.

(e) The company does not have any subsidiaries, joint ventures or associate companies and hence reporting under clause 3(ix)(e) of the order is not applicable.

# Annexure 'B' to the Independent Auditor's Report (Contd.)

(f) The company does not have any subsidiaries, joint ventures or associate companies and hence reporting under clause 3(ix)(f) of the order is not applicable.

x. (a) The Company has not raised money by way of an initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) According to the information and explanations given to us, there have been no cases of fraud by the company or any fraud on the company has been noticed or reported during the year under report.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistleblower complaints received by the company during the year.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties, are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) According to the information and explanations given to us, there are 5 Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period. In addition to this there is one CIC which is not required to be registered with RBI.

xvii. The Company has not incurred cash losses in the current financial year but incurred cash losses in the immediately preceding financial year of ₹ 57.33 lakhs.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

# Annexure 'B' to the Independent Auditor's Report (Contd.)

xx. (a) In our opinion section 135(5) of the Act is not applicable to the company. Hence reporting under clause 3(xx)(a) of the order is not applicable.

(b) In our opinion section 135(6) of the Act is not applicable to the company. Hence reporting under clause 3(xx)(b) of the order is not applicable.

xxi. The company is not having any subsidiaries and is therefore not required to draw any consolidated financial statements. Hence, the reporting under clause 3(xxi) of the Order is not applicable.

For **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No: 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688
UDIN: 23223688BGQXGA7672

Place: Gurugram
Date: April 20, 2023

# Balance Sheet
as at March 31, 2023

₹ (in lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 297.79 | 232.77 |
| Capital work-in-progress | 4 | - | 19.19 |
| Intangible assets | 5 | 0.51 | 0.70 |
| Non-current financial assets | | | |
| Investments | 6 | 7.20 | 7.20 |
| Loans | 7 | - | - |
| Other financial assets | 14 (a) | 10.00 | - |
| Deferred tax assets (net) | 8 | 16.20 | 82.95 |
| Advance income tax | | 61.09 | 20.16 |
| Other non-current assets | 9 (a) | 0.20 | 0.20 |
| | | **392.99** | **363.17** |
| **Current assets** | | | |
| Inventories | 10 | 8.49 | 5.85 |
| Financial assets | | | |
| Trade receivables | 11 | 379.34 | 68.20 |
| Cash and cash equivalents | 12 | 2,638.78 | 144.83 |
| Other Balances with Banks | 13 | 430.10 | 200.00 |
| Loans | 7 | 384.88 | - |
| Other financial assets | 14 (b) | 10.39 | 2.27 |
| Other current assets | 9 (b) | 45.00 | 9.98 |
| | | **3,896.98** | **431.13** |
| **Total** | | **4,289.97** | **794.30** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 50.00 | 50.00 |
| Other equity | 16 | 3,802.46 | 458.84 |
| **Total Equity** | | **3,852.46** | **508.84** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions | 17 (a) | 73.82 | 53.60 |
| | | **73.82** | **53.60** |
| **Current liabilities** | | | |
| **Financial liabilities** | | | |
| Trade payables | 18 | - | - |
| - Micro and Small Enterprises | | 7.23 | 5.83 |
| - Others | | 191.56 | 120.44 |
| Other financial liabilities | 19 | 65.72 | 37.22 |
| Provisions | 17 (b) | 6.24 | 4.70 |
| Provision for tax | 17 (c) | 64.29 | - |
| Other current liabilities | 20 | 28.65 | 63.67 |
| | | **363.69** | **231.86** |
| **Total** | | **4,289.97** | **794.30** |

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 42).

As per our report of even date as attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688

Gurugram, 20 April 2023

**For and on behalf of the Board**

**Satyajeet Krishnan**
DIN: 07491453
Director

**Mohit Gupta**
DIN: 01865794
Director

New Delhi, 20 April 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

₹ (in lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 21 | 3,003.06 | 664.26 |
| Other income | 22 | 3,494.39 | 35.94 |
| **(Other Income includes profit of ₹ 3,342.96 Lakhs from the disposal of Freehold Land, Refer Note No.41)** | | | |
| **Total Income** | | **6,497.45** | **700.20** |
| **Expenses** | | | |
| Food and beverages consumed | 23 | 791.99 | 228.04 |
| Employee benefit expenses and payment to contractors | 24 | 630.31 | 273.90 |
| Depreciation and amortisation expenses | 3&5 | 24.64 | 30.53 |
| Other operating and general expenses | 25 | 707.50 | 263.42 |
| **Total Expenses** | | **2,154.44** | **795.89** |
| **Profit/(Loss) before exceptional items and tax** | | 4,343.01 | (95.69) |
| **Exceptional items** | | - | - |
| **Profit/(Loss) before tax** | | 4,343.01 | (95.69) |
| **Tax expense** | | | |
| Current tax | | 926.92 | (7.83) |
| Deferred tax | 32 | 68.19 | (30.79) |
| **Total** | | **995.11** | **(38.62)** |
| **Profit/ (Loss) after tax** | | 3,347.90 | (57.07) |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified subsequently to profit or loss account** | | | |
| Remeasurement of defined benefit obligation | | (5.72) | (1.63) |
| Add:- Income tax credit | | 1.44 | 0.41 |
| **Other comprehensive income/ (loss) for the year, net of tax** | | (4.28) | (1.22) |
| **Total comprehensive income for the year** | | **3,343.62** | **(58.29)** |
| Earnings per share: | 31 | | |
| Basic and Diluted - (₹) | | 6,695.80 | (114.15) |
| Face value per equity share - (₹) | | 100.00 | 100.00 |

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 42).

As per our report of even date as attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688

Gurugram, 20 April 2023

**For and on behalf of the Board**

**Satyajeet Krishnan**
DIN: 07491453
Director

**Mohit Gupta**
DIN: 01865794
Director

New Delhi, 20 April 2023

# Statement of Changes in Equity

for the year ended March 31, 2023

₹ (in lakhs)

| Particulars | a) Equity Share Capital | b) Other Equity | | Other Equity | Total Equity |
|---|---|---|---|---|---|
| | | Reserves and Surplus | | | |
| | Equity Share Capital Subscribed | General Reserve | Retained Earnings | | |
| **Balance as at April 1, 2021** | 50.00 | | 517.13 | 517.13 | 567.13 |
| Profit/(Loss) for the year ended March 31, 2022 | - | - | (57.07) | (57.07) | (57.07) |
| Other Comprehensive Income for the year ended March 31, 2022, net of taxes | - | - | (1.22) | (1.22) | (1.22) |
| **Total Comprehensive Income for the year ended March 31, 2022** | - | - | (58.29) | (58.29) | (58.29) |
| **Balance as at March 31, 2022** | **50.00** | **-** | **458.84** | **458.84** | **508.84** |
| **Profit/(Loss) for the year ended March 31, 2023** | **-** | **-** | **3,347.90** | **3,347.90** | **3,347.90** |
| Other Comprehensive Income for the year ended March 31, 2023, net of taxes | - | - | (4.28) | (4.28) | (4.28) |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **-** | **3,343.62** | **3,343.62** | **3,343.62** |
| **Balance as at March 31, 2023** | **50.00** | **-** | **3,802.46** | **3,802.46** | **3,852.46** |

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 42).

As per our report of even date as attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688

Gurugram, 20 April 2023

**For and on behalf of the Board**

**Satyajeet Krishnan**
DIN: 07491453
Director

**Mohit Gupta**
DIN: 01865794
Director

New Delhi, 20 April 2023

# Statement of Cash Flows
for the year ended March 31, 2023

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Profit/(Loss) before tax | 4,343.01 | (95.69) |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Depreciation and amortisation expenses | 24.64 | 30.53 |
| Net (Gain)/ Loss on disposal of Property, plant and equipment | (3,342.96) | |
| Interest income | (74.18) | (11.56) |
| Provision for Employee Benefits | (5.72) | (1.63) |
| | **(3,398.22)** | **17.34** |
| Cash Operating Profit/(Loss) before working capital changes | 944.79 | (78.35) |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Inventories | (2.64) | (0.79) |
| Trade receivables | (311.14) | (64.04) |
| Other financial assets | (1.41) | 2.89 |
| Other current assets | (35.84) | 15.62 |
| Other non-current financial assets | - | - |
| Other non-current assets | - | - |
| | **(351.03)** | **(46.32)** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade payables | 72.52 | 65.62 |
| Other current liabilities | (35.02) | 40.93 |
| Short term provisions | 1.54 | 0.59 |
| Long-term Provisions | 20.22 | 5.69 |
| Other financial liabilities | 34.16 | 1.27 |
| | **93.42** | **114.10** |
| Cash generated from/(used) in Operating Activities | 687.18 | (10.57) |
| Income taxes (paid)/refund received | (903.55) | 19.84 |
| **Net Cash Generated From/(Used) in Operating Activities (A)** | **(216.37)** | **9.27** |
| **Cash Flow From Investing Activities** | | |
| Payments for purchase of property, plant and equipment | (92.87) | (18.52) |
| Net Proceeds from disposal of property, plant and equipment | 3,359.88 | - |
| Interest received | 67.48 | 11.04 |
| Inter Corporate Deposit ( Refer Note No. 34) | (384.06) | - |
| Bank Balances not considered as Cash and cash equivalents | (240.11) | - |
| **Net Cash Generated From/(Used) In Investing Activities (B)** | **2,710.32** | **(7.48)** |
| **Cash Flow From Financing Activities** | | |
| **Net Cash Generated From/ (Used) In Financing Activities (C)** | **-** | **-** |
| Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C) | 2,493.95 | 1.79 |
| Cash and Cash Equivalents - Opening | 144.83 | 143.04 |
| Cash and Cash Equivalents - Closing | 2,638.78 | 144.83 |

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 42).

As per our report of even date as attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration No. 000511S

**N. Venkata Suneel**
Partner
Membership No. 223688

Gurugram, 20 April 2023

**For and on behalf of the Board**

**Satyajeet Krishnan**
DIN: 07491453
Director

**Mohit Gupta**
DIN: 01865794
Director

New Delhi, 20 April 2023

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 3 : Property, Plant and Equipment (Owned, unless otherwise stated)

₹ (in lakhs)

| | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Office Equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **At April 1, 2021** | **16.92** | **38.58** | **244.67** | **10.74** | **7.88** | **318.79** |
| Additions | - | - | - | 0.37 | - | 0.37 |
| Disposals | | | | | | - |
| **At March 31, 2022** | **16.92** | **38.58** | **244.67** | **11.11** | **7.88** | **319.16** |
| Additions | - | 19.19 | 79.59 | 3.95 | 3.67 | 106.40 |
| Disposals | 16.92 | | | | | 16.92 |
| **At March 31, 2023** | **-** | **57.77** | **324.26** | **15.06** | **11.55** | **408.64** |
| **Depreciation** | | | | | | |
| At April 1, 2021 | - | 2.13 | 50.66 | 1.45 | 1.81 | 56.05 |
| Charge for the year | - | 1.25 | 26.56 | 1.28 | 1.25 | 30.35 |
| Disposals | | | | | | - |
| **At March 31, 2022** | **-** | **3.38** | **77.22** | **2.73** | **3.06** | **86.40** |
| Charge for the year | - | 1.91 | 19.36 | 1.55 | 1.63 | 24.45 |
| Disposals | | | | | | - |
| **At March 31, 2023** | **-** | **5.29** | **96.58** | **4.28** | **4.69** | **110.85** |
| **Net Block** | | | | | | |
| **At March 31, 2022** | **16.92** | **35.20** | **167.45** | **8.38** | **4.82** | **232.77** |
| **At March 31, 2023** | **-** | **52.47** | **227.68** | **10.78** | **6.86** | **297.79** |

## Note 4 : Capital Work in Progress

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Projects in progress | - | 19.19 |
| | **-** | **19.19** |

### Ageing Schedule As on 31st March 2023

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Projects in progress | - | - | - | - | - |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

### Ageing Schedule As on 31st March 2022

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Projects in progress | 19.19 | - | - | - | 19.19 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **19.19** | **-** | **-** | **-** | **19.19** |

Note: The above ageing schedules have been prepared on the basis of transactions dates.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 5 : Intangible Assets

₹ (in lakhs)

| | Software | Total |
|---|---|---|
| **Cost** | | |
| **At April 1, 2021** | **1.14** | **1.14** |
| Additions | - | - |
| Disposals | - | - |
| **At March 31, 2022** | **1.14** | **1.14** |
| Additions | - | - |
| Disposals | | - |
| **At March 31, 2023** | **1.14** | **1.14** |
| **Amortisation** | | |
| **At April 1, 2021** | **0.26** | **0.26** |
| Charge for the year | 0.18 | 0.18 |
| Disposals | | - |
| **At March 31, 2022** | **0.44** | **0.44** |
| Charge for the year | 0.19 | 0.19 |
| Disposals | | - |
| **At March 31, 2023** | **0.63** | **0.63** |
| **Net Block** | | |
| **At March 31, 2022** | **0.70** | **0.70** |
| **At March 31, 2023** | **0.51** | **0.51** |

## Note 6 : Investments

| | Face Value | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|
| | | Holdings As at | ₹ lakhs | Holdings As at | ₹ lakhs |
| **Non Current Investments** | | | | | |
| **Fully Paid Unquoted Equity Investments** | | | | | |
| **Investments in Fellow Subsidiary Company (at cost)** | | | | | |
| Inditravel Limited | 10 | 72,000 | 7.20 | 72,000 | 7.20 |
| | | | **7.20** | | **7.20** |

## Note 7 : Loans

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Loans at amortised costs** | | |
| (Unsecured, considered good unless stated otherwise) | | |
| Loans to Related Parties (Refer Note No. 34) | 384.88 | - |
| Credit impaired | 10.00 | 10.00 |
| | **394.88** | **10.00** |
| Less: Allowance for credit impaired | 10.00 | 10.00 |
| | **10.00** | **10.00** |
| | **384.88** | **-** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 8 : Deferred Tax Assets (Net)

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Assets:** | | |
| Provision for Employee Benefits | 20.15 | 14.67 |
| Unused tax losses (Business) | | 72.18 |
| Others | 3.34 | - |
| | **23.49** | **86.85** |
| **Deferred Tax Liabilities:** | | |
| Property, plant and equipment & Intangible assets | 7.29 | 3.90 |
| | **7.29** | **3.90** |
| **Closing Deferred Tax Asset/(Liability)** | **16.20** | **82.95** |
| **Less: Opening Deferred Tax Asset/(Liability)** | 82.95 | 51.75 |
| **Deferred Tax Asset/ (Liability) Created during the year** | **(66.75)** | **31.20** |

## Note 9 : Other Assets

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Other Non Current Assets** | | |
| Deposits with Government Authorities | 0.20 | 0.20 |
| | **0.20** | **0.20** |
| **(b) Other Current Assets** | | |
| Prepaid Expenses | 2.06 | 1.69 |
| Indirect tax recoverable | 19.45 | - |
| Advance to Suppliers | 19.24 | 7.69 |
| Advance to Employees | 4.25 | 0.60 |
| | **45.00** | **9.98** |

## Note 10 : Inventories (At lower of cost and net realisable value)

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and Beverages | 8.42 | 5.45 |
| Stores and Operating Supplies | 0.07 | 0.40 |
| | **8.49** | **5.85** |

## Note 11 : Trade receivables

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Unsecured** | | |
| Considered good | 379.34 | 68.20 |
| Balances having significant increase in credit risk | - | - |
| Credit impaired | - | - |
| | **379.34** | **68.20** |
| Less : Allowance for credit impaired | - | - |
| | **379.34** | **68.20** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Trade Receivable Ageing Schedule*

### As on 31st March 2023

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 358.71 | 20.40 | 0.23 | - | - | 379.34 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| **Total** | **358.71** | **20.40** | **0.23** | **-** | **-** | **379.34** |

There is no un-billed Revenue as on 31st March 2023

### As on 31st March 2022

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 67.64 | 0.50 | 0.06 | - | - | 68.20 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| **Total** | **67.64** | **0.50** | **0.06** | **-** | **-** | **68.20** |

There is no un-billed Revenue as on 31st March 2022

* The above aging schedules have been prepared on the basis of transactions dates.

(i) For related party balances refer Note 34.

## Note 12 : Cash and Cash Equivalents

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 0.46 | 2.88 |
| Cheques, Drafts on hands, Funds in transit | - | - |
| Balances with bank in current account | 378.50 | 141.95 |
| Balances with bank in call and short-term deposit accounts (original maturity less than 3 months) | 2,259.82 | - |
| | **2,638.78** | **144.83** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 13 : Other Balances with Banks

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Call and Short-term deposit accounts | 430.10 | 200.00 |
| Deposits pledged with others | - | - |
| Margin money deposits | - | - |
| Earmarked balances | 10.00 | - |
| | **440.10** | **200.00** |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current Financial Asset | 10.00 | - |
| | **430.10** | **200.00** |

## Note 14 : Other Financial Assets

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Non Current Financial Assets** | | |
| Deposits with Banks (Refer Note 13) | 10.00 | - |
| | **10.00** | **-** |

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(b) Current Financial Assets** | | |
| **Deposit with public bodies and others** | | |
| Others | 0.33 | 0.33 |
| | 0.33 | 0.33 |
| **Interest receivable** | | |
| Others | 8.65 | 1.94 |
| | 8.65 | 1.94 |
| **Other receivables** | | |
| Related Parties (Refer Note 34) | 1.41 | - |
| Others | - | - |
| | 1.41 | - |
| | **10.39** | **2.27** |

## Note 15 : Equity Share Capital

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| 1,00,000 Equity Shares of ₹ 100 each | 100.00 | 100.00 |
| | **100.00** | **100.00** |
| **Issued Share Capital** | | |
| 50,000 (Previous Years 50,000) Equity Shares of ₹ 100 each | 50.00 | 50.00 |
| | **50.00** | **50.00** |
| **Subscribed and Paid Up** | | |
| 50,000 (Previous Years 50,000) Equity Shares of ₹ 100 each, Fully Paid | 50.00 | 50.00 |
| | **50.00** | **50.00** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Footnotes:

**(i)** The Company has one class of equity shares having a par value of ₹ 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(ii)** Reconciliation of the shares outstanding at the beginning and at the end of the year

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ lakhs | No. of shares | ₹ lakhs |
| As at the beginning of the year | 50,000 | 50.00 | 50,000 | 50.00 |
| Add : Shares issued on Rights basis | - | - | - | - |
| As at the end of the year | **50,000** | **50.00** | **50,000** | **50.00** |

**(iii) Shareholders holding more than 5% shares in the Company :**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| **Equity shares of ₹ 100 each fully paid** | | | | |
| The Indian Hotels Company Limited* | 46,698 | 93.40% | 46,698 | 93.40% |
| Mr. Jagat Singh | 3,000 | 6.00% | 3,000 | 6.00% |
| | **49,698** | **99.40%** | **49,698** | **99.40%** |

* 6 Shares are held jointly with the other shareholders as coming in the below sub note (iv)

**(iv) Promoter Shareholding**

**As at 31st March 2023**

| Name of Promoter | No. of shares at the beginning of the year | Change during the year | No of Shares at the end of year | % of total shares | % change during the year |
|---|---|---|---|---|---|
| The Indian Hotels Company Limited | 46,692 | - | 46,692 | 93.38% | 0.00% |
| The Indian Hotels Company Limited Jointly with Bakhtawar Irani | 1 | - | 1 | 0.00% | 0.00% |
| The Indian Hotels Company Limited Jointly with Beejal Desai | 1 | - | 1 | 0.00% | 0.00% |
| The Indian Hotels Company Limited Jointly with Inditravel Limited | 1 | - | 1 | 0.00% | 0.00% |
| The Indian Hotels Company Limited Jointly with Nabakumar Shome | 1 | - | 1 | 0.00% | 0.00% |
| The Indian Hotels Company Limited Jointly with Taida Trading and Industries Limited | 1 | - | 1 | 0.00% | 0.00% |
| The Indian Hotels Company Limited Jointly with Taj Trade and Transport Company Limited | 1 | - | 1 | 0.00% | 0.00% |
| **Total** | **46,698** | **-** | **46,698** | | |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### As at 31st March 2022

| Name of Promoter | No. of shares at the beginning of the year | Change during the year | No of Shares at the end of year | % of total shares | % change during the year |
|---|---|---|---|---|---|
| The Indian Hotels Company Limited * | 46,698 | (6) | 46,692 | 93.38% | -0.01% |
| The Indian Hotels Company Limited Jointly with Bakhtawar Irani | - | 1 | 1 | 0.00% | 100.00% |
| The Indian Hotels Company Limited Jointly with Beejal Desai | - | 1 | 1 | 0.00% | 100.00% |
| The Indian Hotels Company Limited Jointly with Inditravel Limited | - | 1 | 1 | 0.00% | 100.00% |
| The Indian Hotels Company Limited Jointly with Nabakumar Shome | - | 1 | 1 | 0.00% | 100.00% |
| The Indian Hotels Company Limited Jointly with Taida Trading and Industries Limited | - | 1 | 1 | 0.00% | 100.00% |
| The Indian Hotels Company Limited Jointly with Taj Trade and Transport Company Limited | - | 1 | 1 | 0.00% | 100.00% |
| **Total** | **46,698** | **-** | **46,698** | | |

* During the year, IHCL had transferred 6 shares in joint names and remained first shareholder even after transfer.

### (v) Details of shares held by the holding company & its subsidiaries

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | Number of Shares held | Number of Shares held |
| **Fully paid equity shares** | | |
| The Indian Hotels Company Limited (The Holding Co.)* | 46698 | 46698 |

* 6 Shares are held jointly with the other shareholders as coming in the above sub note (iv)

## Note 16 : Other Equity

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reserves & Surplus** | | |
| **Retained Earnings** | | |
| Opening Balance | 458.84 | 517.13 |
| Add: Current year profits/(losses) | 3,347.90 | (57.07) |
| Add: Remeasurements of post employment benefit obligation, net of tax (item of other comprehensive income recognised directly in retained earnings) | (4.28) | (1.22) |
| Closing Balance | **3,802.46** | **458.84** |
| | **3,802.46** | **458.84** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 17 : Provisions

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Non Current provisions** | | |
| Employee Benefit Obligation | | |
| Compensated absences | 14.18 | 9.91 |
| Gratuity | 59.64 | 43.69 |
| | **73.82** | **53.60** |
| **(b) Current provisions** | | |
| Employee Benefit Obligation | | |
| Compensated absences | 1.94 | 1.30 |
| Gratuity | 4.30 | 3.40 |
| | **6.24** | **4.70** |
| **(c) Provision for Tax** | | |
| Provision for Tax | 64.29 | - |
| | **64.29** | **-** |

## Note 18 : Trade Payables

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro and Small Enterprises ( Refer Footnote (i) and (ii) ) | 7.23 | 5.83 |
| Others: | | |
| Vendor Payables | 169.89 | 99.14 |
| Accrued expenses and others | 21.67 | 21.30 |
| | **191.56** | **120.44** |
| | **198.79** | **126.27** |

Footnotes:

**(i)** The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

**(ii) The disclosures relating to Micro and Small Enterprises are as under:**

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) The principal amount remaining unpaid to supplier as at the end of the accounting year | 7.23 | 5.83 |
| (b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year | - | - |
| (c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year | - | - |
| (d) The amount of interest due and payable for the year | - | - |
| (e) The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Trade Payable Ageing Schedule

### As on 31st March 2023

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | | |
|---|---|---|---|---|---|---|
| | Accrued Expenses | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | 7.23 | - | - | - | 7.23 |
| (ii) Others | 21.67 | 163.69 | 0.45 | 0.25 | 5.50 | 191.56 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| **Total** | **21.67** | **170.92** | **0.45** | **0.25** | **5.50** | **198.79** |

### As on 31st March 2022

₹ (in lakhs)

| Particulars | Outstanding for following periods | | | | | |
|---|---|---|---|---|---|---|
| | Accrued Expenses | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) MSME | - | 5.83 | - | - | - | 5.83 |
| (ii) Others | 21.30 | 93.26 | 0.38 | 3.52 | 1.98 | 120.44 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| **Total** | **21.30** | **99.09** | **0.38** | **3.52** | **1.98** | **126.27** |

* The above aging schedules have been prepared on the basis of transactions dates.

**(iii)** For related party balances refer Note 34

## Note 19 : Other Current Financial Liabilities

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Other Current financial liabilities | | |
| Creditors for capital expenditure | - | 5.66 |
| Employee related liabilities | 57.39 | 22.85 |
| Others | 8.33 | 8.71 |
| | **65.72** | **37.22** |

## Note 20 : Other Current Liabilities

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Advances collected from customers (Refer Footnote) | 15.70 | 46.60 |
| Statutory dues | 12.95 | 17.07 |
| | **28.65** | **63.67** |

Footnote:

For detailed disclosure relating to Ind AS 115 - Revenue from Contracts with Customers refer Note 35.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 21 : Revenue from Operations

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and Banquet Income | 3,003.06 | 664.26 |
| | **3,003.06** | **664.26** |

## Note 22 : Other Income

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Income on Inter-corporate Loan / Deposit ( Refer Note No. 34 ) | 0.82 | - |
| Deposits with banks | 73.36 | 10.15 |
| | **74.18** | **10.15** |
| Interest on Income Tax Refunds | 1.82 | 1.41 |
| | **76.00** | **11.56** |
| **Profit on disposal of Property, plant and equipment (Net)*** | 3,342.96 | - |
| **Exchange Gain (Net)** | 0.45 | - |
| **Miscellaneous non-operating income** | 74.98 | 24.38 |
| | **3,494.39** | **35.94** |

*Profit from sale of freehold land situated at Sakatpur Village, Manesar, Gurugram (Disposal of Property, Plant and Equipment).

## Note 23 : Food and Beverages Consumed

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and Beverages consumed | 791.99 | 228.04 |
| | **791.99** | **228.04** |

## Note 24 : Employee Benefit Expenses and Payment to Contractors

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 355.17 | 192.43 |
| Company's Contribution to Provident and Other Funds (Refer Note 28) | 22.28 | 16.47 |
| Reimbursement of Expenses on Personnel Deputed to the Company | - | 8.09 |
| Payment to Contractors | 133.61 | 31.65 |
| Staff Welfare Expenses | 119.25 | 25.26 |
| | **630.31** | **273.90** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## Note 25 : Other Operating and General Expenses

₹ (in lakhs)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Operating expenses consist of the following :** | | |
| | Linen and Room Supplies | 15.68 | 9.35 |
| | Catering Supplies | 87.17 | 26.72 |
| | Other Supplies | 7.42 | 0.02 |
| | Fuel, Power and Light (net) | 139.26 | 52.12 |
| | Repairs to Buildings | 0.78 | 0.75 |
| | Repairs to Machinery | 29.21 | 18.61 |
| | Repairs to Others | 5.41 | 0.69 |
| | Linen and Uniform Washing and Laundry Expenses | 12.59 | 4.24 |
| | Security charges and Others | 8.64 | 9.16 |
| | Food Transportation | 30.00 | 38.36 |
| | Agents' Commission | 71.04 | 1.10 |
| | Discount to Collecting Agents | 2.13 | 1.05 |
| | Other Operating Expenses | 2.77 | 5.90 |
| | | **412.10** | **168.07** |
| **(ii)** | **General expenses consist of the following :** | | |
| | Rent | 216.78 | 63.98 |
| | Licence Fees | 0.60 | 0.09 |
| | Rates and Taxes | 0.24 | 10.12 |
| | Insurance | 10.03 | 6.37 |
| | Advertising and Publicity | 17.99 | - |
| | Printing and Stationery | 8.97 | 2.12 |
| | Passage and Travelling | 5.86 | 0.82 |
| | Professional Fees | 22.28 | 5.78 |
| | Outsourced Support Services | 3.69 | 2.23 |
| | Payment made to Statutory Auditors (Refer Footnote (i)) | 3.00 | 1.50 |
| | Other Expenses | 5.96 | 2.33 |
| | | **295.40** | **95.35** |
| | | **707.50** | **263.42** |

**Note:**

(i) Payment made to Statutory Auditors:

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditors | 2.00 | 1.50 |
| As tax auditors | 0.50 | - |
| For other services | 0.50 | - |
| | **3.00** | **1.50** |

## Note 26 : Contingent Liabilities (to the extent not provided for):

### (a) On account of matters in dispute:

₹ Nil lakhs (PY - Nil ₹ lakhs)

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(b) Others :**

Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above, including where:

(i) plaintiffs / parties have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount;

(ii) the proceedings are in early stages;

(iii) there is uncertainty as to the outcome of pending appeals or motions or negotiations;

(iv) there are significant factual issues to be resolved; and/or there are novel legal issues presented

The Company's management does not believe, based on currently available information, that the outcomes of the above matters will have a material adverse effect on the Company's financial statements, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period. It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

## Note 27 : Capital Commitments

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated number of contracts remaining to be executed on capital account and not provided for | | |
| Property, Plant & Equipment | - | - |
| **Total** | **-** | **-** |

## Note 28 : Employee Benefits:

**(a)** The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries):

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Contribution to Provident Fund and Other Funds | 15.30 | 10.67 |
| **Total** | **15.30** | **10.67** |

**(b) The Company operates post retirement defined benefit plans as follows :-**

**a. Un-Funded :**

**i. Post Retirement Gratuity**

**(c) Defined Benefit Plans – As per Actuarial Valuation on March 31, 2023 :-**

**(i) Amount to be recognised in Balance Sheet and movement in net liability**

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Present Value of Funded Obligations | - | - |
| Present Value of Unfunded Obligations | 63.94 | 47.09 |
| Fair Value of Plan Assets | - | - |
| Net (Asset) / Liability | **63.94** | **47.09** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (ii) Expenses recognised in the Statement of Profit & Loss

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Current Service Cost | 4.14 | 3.78 |
| Past service Cost | - | - |
| Interest Cost | 3.09 | 2.61 |
| Expected return on Plan Assets | - | - |
| Effect of the limit on Plan Asset | - | - |
| **Total** | **7.23** | **6.39** |

### (iii) Expenses recognised in Other Comprehensive Income (OCI)

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Changes in financial assumptions | - | - |
| Changes in demographic assumptions | - | - |
| Experience adjustments | 5.72 | 1.63 |
| Actual return on plan assets less interest on plan assets | - | - |
| Adjustment to recognise the effect of asset ceiling | - | - |
| **Total** | **5.72** | **1.63** |

### (iv) Reconciliation of Net Liability/ Asset

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Opening Net Benefit Liability | 47.09 | 39.78 |
| Expense charged to profit and loss | 7.23 | 6.39 |
| Amount recognized outside profit and loss | 5.72 | 1.63 |
| Employer Contribution | - | (0.71) |
| Impact of liability assumed (settled) | 3.91 | - |
| **Closing Net Defined Benefit Liability/ (Asset) - Current** | **63.95** | **47.09** |

### (v) Reconciliation of Defined Benefit Obligation

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Opening Defined Benefit Obligation | 47.09 | 39.78 |
| Current Service Cost | 4.14 | 3.78 |
| Past Service Cost | - | - |
| Interest Cost | 3.09 | 2.61 |
| Changes in financial assumptions | - | - |
| Changes in demographic assumptions | - | - |
| Experience adjustments | 5.72 | 1.63 |
| Benefits Paid | - | (0.71) |
| Liability assumed (settled) | 3.91 | - |
| **Closing Defined Benefit Obligation** | **63.95** | **47.09** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### (vi) Reconciliation of Fair Value of Plan Assets

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Opening Fair Value of Plan Assets | - | - |
| Interest on Plan Assets | - | - |
| **Remeasurements due to:** | | |
| Actual return on plan assets less interest on plan assets | - | - |
| Contribution by Employer | - | - |
| Benefits Paid | - | - |
| Closing Fair Value of Plan Assets | - | - |
| **Expected Employer's contribution/ outflow next year** | | |

### (vii) Actuarial Assumptions

₹ (in lakhs)

| | Gratuity Un-Funded | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Discount rate (p.a.) | 7.45% | 6.80% |
| Salary Escalation Rate (p.a.) | Staff - 5%, Executive - 4% | Staff - 5%, Executive - 4% |

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

### (viii) Maturity Profile

| Maturity Profile | ₹ (in lakhs) |
|---|---|
| Expected benefits for year 1 | 4.30 |
| Expected benefits for year 2 | 4.09 |
| Expected benefits for year 3 | 3.69 |
| Expected benefits for year 4 | 22.79 |
| Expected benefits for year 5 | 2.73 |
| Expected benefits for year 6 | 2.64 |
| Expected benefits for year 7 | 6.56 |
| Expected benefits for year 8 | 1.79 |
| Expected benefits for year 9 | 10.03 |
| Expected benefits for year 10 & above | 69.37 |

The weighted average duration to the payment of these cash flows is 7.59 years.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### (ix) Effect of Change in Key Assumptions

**Year Ended 31st March 2023**

| Particulars | Discount Rate | Salary Escalation Rate |
|---|---|---|
| Impact of increase in 50 bps on DBO | -3.68% | 4.03% |
| Impact of decrease in 50 bps on DBO | 3.92% | -3.81% |

The expected contribution for the next year is INR Nil.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Information disclosed above is to the extent provided by actuary.

***Exposure to Risks:***

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

| | |
|---|---|
| Interest risk | A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

## Note 29 : Leases:

The company has adopted Ind AS 116 "Leases" effective from April 01, 2019 .The company neither have any material leases contract as on 01 April 2022 nor executed during the year. The adoption of the standard does not have any impact on the financial statement of the company.  The company does not have any long term lease contracts durinng the year and also preceding financial year. Following are the details of the lease contracts which are short term in nature:

₹ (in lakhs)

| | For the year ended March 31, 2023 |
|---|---|
| **Amount recognized in the statement of profit and loss** | |
| Included in rent expenses: Expense related to short term lease | **49.65** |

₹ (in lakhs)

| | For the year ended March 31, 2023 |
|---|---|
| **Amount recognized in the statement of Cash Flow** | |
| Total Cash Outflow for Leases | **49.65** |

## Note 30 : Segment Information:

The Company's only business being **Banquet Catering**, disclosure of segment-wise information is not applicable under Ind AS108 - 'Operating Segments'. There is no geographical segment to be reported.

## Note 31 : Earnings Per Share (EPS):

Earnings Per Share is calculated in accordance with Ind AS 33 – 'Earnings Per Share' prescribed under Section 133 of the Companies Act, 2013.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit/ (Loss) after tax – ₹ lakhs | 3,347.90 | (57.07) |
| Number of Ordinary (Equity) Shares | 50,000 | 50,000 |
| Weighted Average Number of Ordinary (Equity) Shares: | | - |
| Considered in calculation of Basic EPS | 50,000 | 50,000 |
| Considered in calculation of Diluted EPS | 50,000 | 50,000 |
| Face Value per Ordinary (Equity) Share (₹) | 100.00 | 100.00 |
| Earnings Per Share (₹): | | |
| Basic (₹) | 6,695.80 | (114.15) |
| Diluted (₹) | 6,695.80 | (114.15) |

## Note 32 : Tax Disclosures

### i) Income Tax recognised in Profit or Loss:

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current Tax** | | |
| In respect of the current year | 926.92 | (7.83) |
| | **926.92** | **(7.83)** |
| **Deferred Tax** | | |
| In respect of the current year | 68.19 | (30.79) |
| Other items includes the impact on account of change in tax rates | - | - |
| **Total tax expense recognised in the current year relating to continuing operations** | **995.11** | **(38.62)** |

### ii) Reconciliation of tax expense with the effective tax:

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit before tax from continuing operations (a) | 4,343.01 | (95.69) |
| Income tax rate as applicable (b) | 25.17% | 25.17% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 1,093.13 | (24.08) |
| **Permanent tax differences due to:** | | |
| Effect of expenses that are not deductible in determining taxable profit | (9.84) | - |
| Reversal of Income Tax Provision | - | (7.83) |
| **Deferred Tax reversal** | | |
| Adjustment to opening Deferred Tax | - | - |
| Effect of change in Tax Rate | (75.59) | - |
| Deferred Tax Asset on Cumulative Unabsorbed Losses | - | (5.77) |
| Incremental deferred tax liability on account of Tangible assets | - | 0.87 |
| Others | (12.59) | (1.81) |
| **Total tax expense recognised in the current year** | **995.11** | **(38.62)** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### iii) Income Tax recognised in other Comprehensive Income:

₹ (in lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax** | | |
| **(a) Arising on income and expenses recognised in other comprehensive income:** | | |
| Remeasurement of defined benefit obligation | 1.44 | 0.41 |
| | **1.44** | **0.41** |

### iv) Reconciliation of Deferred Tax Asset and Deferred Tax Liability:

#### March 31, 2023

₹ (in lakhs)

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| Deferred tax liabilities/ assets in relation to: | | | | |
| Property, Plant and equipment & Intangible Assets | (3.92) | (3.37) | - | (7.29) |
| Provision for Employee Benefits | 2.82 | 4.04 | 1.44 | 8.30 |
| Provisions for Defined benefit obligations | 11.85 | 3.34 | | 15.19 |
| Losses in current year | 72.20 | (72.20) | - | - |
| Others (Expenses disallowed to be allowed in future) | - | - | - | - |
| **Total Deferred Tax Assets/(Liability)** | **82.95** | **(68.19)** | **1.44** | **16.20** |

#### March 31, 2022

₹ (in lakhs)

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax liabilities/ assets in relation to:** | | | | |
| Property, Plant and equipment & Intangible Assets | (3.04) | (0.88) | - | (3.92) |
| Provision for Employee Benefits | 4.20 | (1.38) | - | 2.82 |
| Provisions for Defined benefit obligations | 1.55 | 9.89 | 0.41 | 11.85 |
| Losses in current year | 48.78 | 23.41 | - | 72.20 |
| Others (Expenses disallowed to be allowed in future) | 0.26 | (0.26) | - | - |
| **Total Deferred Tax Assets/(Liability)** | **51.75** | **30.79** | **0.41** | **82.95** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 33 : Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

### Financial assets and liabilities

The carrying value of financial instruments by categories under the most relevant method i.e. amortised cost is as follows:

₹ (in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | 2,638.78 | 144.83 |
| Bank Balances other than Cash & Cash Equivalents | 430.10 | 200.00 |
| Trade Receivables | 379.34 | 68.20 |
| Loans | 384.88 | - |
| Other financial assets - Non Current | 10.00 | - |
| Other financial assets - Current | 10.39 | 2.27 |
| **Total** | **3,860.69** | **422.50** |
| **Financial liabilities:** | | |
| Borrowings | - | - |
| Trade Payables | 198.79 | 126.27 |
| Other financial liabilities - Non Current | - | - |
| Other financial liabilities - Current | 65.72 | 37.22 |
| **Total** | **264.51** | **163.49** |

### Fair value of Financial Instruments measured at amortised cost :

The management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements approximate to their fair value.

## Note 34 :

### (a) Related party transactions

**Details of related parties:**

(i) **Holding Company**
The Indian Hotels Company Limited (IHCL)
(Tata Sons Private Limited has substantial interest in The Indian Hotels Company Limited)

(ii) **Fellow subsidiaries**
KTC Hotels Limited
United Hotels Limited
Roots Corporation Limited
Piem Hotels Limited
Taj Trade and Transport Company Limited
Inditravel Limited
Northern India Hotels Limited
Taj Enterprises Limited
Benares Hotels Limited
Luthria & Lalchandani Hotel & Properties Pvt. Ltd.
Skydeck Properties and Developers Private Limited

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

Sheena Investments Private Limited
ELEL Hotels & Investments Limited
Ideal Ice Limited
Taj SATS Air Catering Limited
Genness Hospitality Private Limited
Qurio Hospitality Private Limited
Taj International Hotels (H.K) Limited
Suisland Hospitality Private Limited
Kadisland Hospitality Private Limited
Zarrenstar Hospitality Private Limited
IHOCO BV
St. James Court Hotels Limited
Taj International Hotels Limited
IHMS LLC
IHMS LLC - San Francisco
IHMS LLC - USA
PIEM International Hotels (H.K) Limited
BAHC 5
United Overseas Holdings Inc.
IHMS Hotels (SA) (Proprietary) Limited
Goodhope Palace Hotels (Proprietary) Limited

**(iii) Fellow Associate - (Related Party where holding company has significant influence)**
Taida Trading and Industries Limited

**(b) Details of related party transactions during the year ended 31 March, 2023 and balances outstanding as at 31 March, 2023:**

₹ (in lakhs)

| S. No. | Particulars | Holding Company | | Fellow Subsidiary | | Fellow Associcate - (Related Party where holding company has significant influence) | | Director | |
|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | **Transactions during the year:** | | | | | | | | |
| 1 | Business income | - | 2.64 | 2.72 | - | - | - | 1.30 | - |
| 2 | Rent Expenses | 47.90 | 36.18 | - | - | - | - | - | - |
| 3 | Heat Light and Power Cost Expenses | 131.76 | 51.96 | - | - | - | - | - | - |
| 4 | Transfer of Fixed Assets | - | - | - | - | - | - | - | - |
| 5 | Reimbursement of expenses to related party | 14.62 | 7.61 | 15.14 | - | - | - | - | - |
| 6 | Reimbursement of expenses from related party | 0.20 | - | - | - | - | - | - | - |
| 7 | Interest Income on Inter corporate Loan / Deposit | - | - | - | - | 0.82 | - | 0.82 | - |
| 8 | Inter corporate Loan / Deposit given | - | - | - | - | 384.06 | - | 384.06 | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

₹ (in lakhs)

| S. No. | Particulars | Holding Company | | Fellow Subsidiary | | Fellow Assosicate - (Related Party where holding company has significant influence) | | Director | |
|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | **Balances outstanding at the end of the year:** | | | | | | | | |
| 1 | Trade Payables | - | 2.59 | - | - | - | - | - | - |
| 2 | Trade Receivables (Gross) | - | - | 3.20 | - | - | - | - | - |
| 3 | Other Receivables | 1.41 | - | - | - | - | - | | |
| 4 | Inter corporate Loan / Deposit Receivables | - | - | - | - | **384.88** | - | - | - |

## Note 35 : Disclosure pursuant to Ind AS 115

₹ (in lakhs)

| | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | **Contract with Customers** | | |
| 1 | Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss. | | |
| | **Income from operations** | | |
| | Food and Banquet Income | 3,003.06 | 664.26 |
| | **Total Income from operations** | **3,003.06** | **664.26** |
| 2 | **Impairment losses** - Nil | - | - |
| 3 | **Disaggregate Revenue** | | |
| | The following table presents company revenue disaggregated by type of revenue stream and by reportable segment (Refer Note 30 for Segment Reporting): | | |
| | **Revenue based on geography** | | |
| | India | 3,003.06 | 664.26 |
| | Overseas | - | - |
| | **Revenue based on product and services** | | |
| | Food and Banquet Income | 3,003.06 | 664.26 |
| 4 | The Company derives its revenue from the transfer of goods and services over time in its major service lines. This is consistent with the revenue information that is disclosed for each **reportable segment** under Ind AS 108. (Refer Note 30 for Segment Disclosure). | | |
| 5 | **Contract balances** | | |
| | The following tables present information about trade receivables, contract assets, and deferred revenue: | | |
| | Trade Receivables | 379.34 | 68.20 |
| | Deferred Revenue | - | - |
| | Advance Collections | 15.70 | 46.60 |
| | **Advance Collections, deposits from customer** | | |
| | Refer Note No. 2 on significant accounting policies for details of performance obligation and revenue recognition. | | |
| | At April | 46.60 | 18.58 |
| | At March | 15.70 | 46.60 |
| | Analysed as: | | |
| | Current | 15.70 | 46.60 |
| | Non-current | - | - |

Revenue recognised during the period that was included in the opening balance of Customer Advances amounted to ₹ 46.60 lakhs.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 36 : Ratios

| Sr No | Ratio | in times/% | Numerator | Denominator | Current Year | Previous Year | Variance (%) |
|---|---|---|---|---|---|---|---|
| a) | Current Ratio [2] | in times | Current Assets | Current Liabilities excluding current maturities of long term borrowings | 10.72 | 1.86 | 476% |
| b) | Debt - Equity Ratio | in times | Non - Current Borrowings + Current Borrowings | Total Equity | NA | NA | NA |
| c) | Debt Service Coverage Ratio | in times | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | NA | NA | NA |
| d) | Return on Equity Ratio [3] | in % | Profit/(Loss) after tax | Average Shareholder's Equity* | 153.53% | -10.61% | 1547% |
| e) | Inventory Turnover Ratio [4] | in times | NA | NA | NA | NA | NA |
| f) | Trade Receivables Turnover Ratio [5] | in times | Revenue from operations | * Average Trade Receivables | 13.42 | 18.36 | -27% |
| g) | Trade Payables Turnover Ratio [6] | in times | Total expenses - Depreciation - Interest - Payroll Cost | * Average Trade Payables | 10.63 | 6.15 | 73% |
| h) | Net Capital Turnover Ratio [7] | in times | Net Sales | Working Capital i.e (Current Assets - Current Liabilities) | 0.85 | 3.33 | -75% |
| i) | Net Profit Ratio [8] | in % | Profit/(Loss) after tax | Net Sales | 111% | -9% | 1397% |
| j) | Return on Capital Employed Ratio [9] | in % | EBIT | Net Worth + Debt + Deferred Tax Liability | 113% | -19% | 699% |
| k) | Return on Investment Ratio | in % | NA | NA | NA | NA | NA |

* Average = (Opening + Closing)/2

**Reasons for Variance:**

(1) The ratios have improved in the current year vis a vis last year mainly due to increase in business operations.

(2) Current ratio has increased due to increase in Cash and Cash equivalents amount.

(3) Due to increase in Revenue, there is a drastic change in Return on equity ratio as compared to previous year.

(4) As the company is primarily engaged in banqueting services (service industry), inventory turnover ratio is not applicable to the company.

(5) Trade receivables turnover has decreased due to increase in Revenue from operations.

(6) Trade payables turnover has increased due to increase in other expenses and average trade payables.

(7) Net Capital turnover ratio has been decreased due to increase in both working capital and revenue from operations.

(8) Net Profit ratio has been drastically increased from the previous year since the profit for the year includes profit on sale of land (other income) and Profit from Operations.

(9) Return on capital employed ratio has increased due to increase in profit for the year.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 37 : (a) Financial risk management:

The Company's principal financial liabilities, comprise, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by finance team that advises on financial risks and the appropriate financial risk governance framework for the Company. The finance team provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the company.

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

### Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| No of Customers who owed more than 10% of the Total receivables | 3 | 3 |
| Contribution of Customers in owing more than 10% of Total receivables | 52% | 82% |

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company operates on the funds accrued through operation, hence, the said risk is not significant for the company.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ (in lakhs)

| Contractual Maturity of Financial Liabilities: | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Total |
|---|---|---|---|---|
| **Year ended 31 March 2023** | | | | |
| Borrowings (for renewal) | - | - | - | - |
| Trade and other payables | 198.79 | - | - | 198.79 |
| Other financial liabilities - Non Current | - | - | - | - |
| Other financial liabilities - Current | 65.72 | - | - | 65.72 |
| **Year ended 31 March 2022** | | | | |
| Borrowings (for renewal) | - | - | - | - |
| Trade and other payables | 126.27 | - | - | 126.27 |
| Other financial liabilities - Non Current | - | - | - | - |
| Other financial liabilities - Current | 37.22 | - | - | 37.22 |

## Note 38 :

There are no financial liabilities and assets that are set off during the financial year 31st March 2023 and 31st March 2022.

## Note 39 : Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the company. The company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met through operating cash flows generated. The Company does not have any debt and thus Debt to Equity ratio is not given.

## Note 40 : Other Statutory Information

**(i) Details of benami property held**

No proceedings have been initiated or pending against the Comapny under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

**(ii) Wilful defaulter**

The Company is not declared wilful defaulter by any bank or financial Institution or government or any government authority.

**(iii) Borrowings secured against current assets**

The Company does not have any borrowings from banks and financial institutions that are secured against current assets during the year.

**(iv) Relationship with struck off companies**

The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**(v) Compliance with number of layers of companies**

The company has no subsidiaries. Accordingly, provisions of clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017, is not applicable.

**(vi) Compliance with approved scheme(s) of arrangements**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**(vii) Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(ix) Details of crypto currency or virtual currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**(x) Valuation of PPE, intangible asset and investment property**

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) or intangible assets or both during the current or previous year.

**(xi) Title deeds of immovable properties not held in name of the Company**

There is no immovable property held by the Company.

**(xii) Registration of charges or satisfaction with Registrar of Companies (ROC)**

There are no charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

**(xiii) Utilisation of borrowings availed from bank and financial institutions**

The Company does not have any borrowings from banks and financial institutions as at the balance sheet date.

**Note 41 :** Other Income includes profit of ₹ 3342.96 lakhs arising out of sale of freehold land situated at Sakatpur Village, Manesar, Gurugram (Disposal of Property, Plant and Equipment).

**Note 42 :** Previous year figures have been regrouped or rearranged wherever necessary.

The accompanying notes form an integral part of the standalone financial statements (Refer Notes 1 - 42).

As per our report of even date as attached

| | | |
|---|---|---|
| For **Brahmayya & Co.**<br>Chartered Accountants<br>Firm Registration No. 000511S | **For and on behalf of the Board** | |
| **N. Venkata Suneel**<br>Partner<br>Membership No. 223688 | **Satyajeet Krishnan**<br>DIN: 07491453<br>Director | **Mohit Gupta**<br>DIN: 01865794<br>Director |
| Gurugram, 20 April 2023 | New Delhi, 20 April 2023 | |

# Form No. AOC. 1

## Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

| | | | |
|---|---|---|---|
| 1. | Sl. No. | : | 1 |
| 2. | Name of the subsidiary | : | TAJ ENTERPRISES LIMITED |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | : | April 01, 2022 to March 31, 2023 |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | : | Indian Rupees |
| 5. | Share capital | : | 50,00,000.00 |
| 6. | Reserves & surplus | : | 38,02,50,790.06 |
| 7. | Total assets | : | 42,89,99,488.76 |
| 8. | Total Liabilities | : | 43748698.70 |
| 9. | Investments | : | 720000 |
| 10. | Turnover | : | 64,97,45,993.43 |
| 11. | Profit before taxation | : | 43,43,05,283.60 |
| 12. | Provision for taxation | : | 9,26,91,595.75 |
| 13. | Profit after taxation | : | 33,47,96,214.06 |
| 14. | Proposed Dividend | : | - |
| 15. | % of shareholding | : | 93.40% |

**Notes**: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations.
2. Names of subsidiaries which have been liquidated or sold during the year.

# Form No. AOC. 1 (Contd.)

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures | Name 1 | Name 2 | Name 3 |
|---|---|---|---|
| **1. Latest audited Balance Sheet Date** | | | |
| **2. Shares of Associate/Joint Ventures held by the company on the year end** | | | |
| No. | | | |
| Amount of Investment in Associates/Joint Venture | | | |
| Extend of Holding % | | | |
| **3. Description of how there is significant influence** | | | |
| **4. Reason why the associate/joint venture is not consolidated** | | | |
| **5. Networth attributable to Shareholding as per latest audited Balance Sheet** | | | |
| **6. Profit / Loss for the year** | | | |
| i. Considered in Consolidation | | | |
| i. Not Considered in Consolidation | | | |

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

**Note**: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

# Independent Auditor's Report

To the Members of Taj Trade And Transport Company Limited

## Report on the Audit of the Financial statements

### Opinion

We have audited the accompanying financial statements of Taj Trade And Transport Company Limited ('the Company'), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement Of Changes In Equity and the Statement of Cash Flows and for the year ended on that date , and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards Rules , 2015, as amended , ("Ind AS") and other accounting principles generally accepted in India,

(a) In the case of the Balance sheet , of the state of affairs of the Company as at March 31, 2023;

(b) In the case of the Statement of Profit and Loss (including other comprehensive income ) , of the profit for the year ended on that date;

(c) In the case of the Statement of Changes in Equity , of the changes in Equity for the year ended on that date; and

(d) In the case of the Statement of Cash flows , of the cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards of Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 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.

### Information Other than the Financial statements and Auditor's Report Thereon

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, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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.

# Independent Auditor's Report (Contd.)

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 during the course of our 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.

## Management's Responsibility for the Financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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

# Independent Auditor's Report (Contd.)

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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

# Independent Auditor's Report (Contd.)

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   a. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 25 to the Financial statements;

   b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c. there are no amounts that are required to be transferred, to the Investor Education and Protection Fund by the Company.

   d. (i) the management has represented that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (ii) the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under clause d sub-clause (i) and (ii) contain any material mis-statement.

e. the Company has neither declared nor paid any dividend during the year.

f. the proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Chandrashekar Iyer & Co**
Chartered Accountants
Firm Registration No.: 114260W

**(Ganesh Kumar M.V)**
Partner
Membership No.:142519
UDIN: 23142519BGZGCO4233

Mumbai, April 19 ,2023

# Annexure – A To The Independent Auditors' Report

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Taj Trade and Transport Company Limited of even date)**

(i) (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The company has maintained proper records showing full particulars of Intangible assets;

(b) The Company has a programme of physical verification of its Property Plant and Equipment, by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In pursuant to the programme, physical verification was conducted by the management during the year and there was no material discrepancy.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has no immoveable property. Accordingly, sub clause (c) of clause (i) of paragraph 3 of the said order is not applicable.

In respect of immoveable properties that have been taken on lease and disclosed as right of use asset in the financial statements the lease agreements are duly executed in favour of the Company.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year, accordingly, sub clause (d) of clause (i) of paragraph 3 of the said order is not applicable.

(e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder; accordingly, sub clause (e) of clause (i) of paragraph 3 of the said order is not applicable.

(ii) (a) According to the information and explanations given to us and based on our examination of the records of the Company, the physical verification of inventory has been conducted at reasonable intervals by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification between the physical stocks and the book records are not more than 10% or more in the aggregate for each class of inventory and have been properly dealt with in the books of accounts.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly this sub(b) of clause (ii) of paragraph 3 of the said order is not applicable.

(iii) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties during the year. Accordingly, sub-clauses (a) to (f) of clause (iii) of paragraph 3 of the said order are not applicable.

(iv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under section 185 and 186 of the Companies Act , 2013. Accordingly, clause (iv) of paragraph 3 of the said order is not applicable.

(v) In our opinion and according to information and explanations given to us and based on our examination of the records of the Company, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provision of section 73 to 76 or any other relevant provision of the Act and the rules framed there under . Accordingly clause (v) of paragraph 3 of the said order is not applicable.

# Annexure – A To The Independent Auditors' Report (Contd.)

(vi) The company is not required to maintain cost records specified by the Central Government under subsection 1 of section 148 of the Act. Accordingly clause (vi) of paragraph 3 of the said order is not applicable.

(vii) a. According to the information and explanations given to us and based on our examination of the records of the Company , the Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable, however there has been a slight delay in few cases.

According to the information and explanations given to us and based on our examination of records of the Company, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us and based on our examination of records of the Company, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute except the following :

| Name of the Statue | Nature of Dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Maharashtra Sales Tax | Lease Tax | 3542060/- | 1998-99 to 2000-01 | Sales Tax Appellate Tribunal (Mumbai) |
| Income Tax Act , 1961 | Income Tax | 942450/- | AY 2013-14 | CIT Appeals |

(viii) According to the information and explanations given to us, the company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly clause (viii) of paragraph 3 of the said order is not applicable.

(ix) (a) According to the information and explanations given to us and based on our examination of records of the Company, the company has not defaulted in repayment of loans or other borrowing or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us , the company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly sub clause (b) of clause (ix) of paragraph 3 of the said order is not applicable.

(c) According to the information and explanations given to us and based on our examination of records of the Company, the company has not obtained any term loan. Accordingly sub clause (c) of clause (ix) of paragraph 3 of the said order is not applicable.

(d) According to the information and explanations given to us and based on our examination of records of the Company, no funds raised on short term basis have been utilised for long term purposes.

(e) According to the information and explanations given to us and based on our examination of records of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly sub clause (e) of clause (ix) of paragraph 3 of the said order is not applicable.

# Annexure – A To The Independent Auditors' Report (Contd.)

(f) According to the information and explanations given to us and based on our examination of records of the Company the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly sub clause (f) of clause (ix) of paragraph 3 of the said order is not applicable.

(x) (a) According to the information and explanations given to us ,the Company did not raise any money by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, subclause (a) of clause (x) of paragraph 3 of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) during the year. Accordingly, subclause (b) of clause (x) of paragraph 3 of the Order is not applicable.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us , we report that no fraud by the company or on the company has been noticed or reported during the year.

(b) No report under sub-section 12 of section 143 of the Companies Act , 2013 has been filed by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause (xii) of paragraph 3 of the said order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and according to the explanations given to us the company has an internal audit system that is commensurate with the size and nature of its business;

(b) We have considered the Internal audit reports of the company for the period under audit;

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with its directors during the year. Hence the provisions of section 192 of the Companies Act 2013 are not applicable to the company.

(xvi) (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not conducted any Non-Banking Financial or Housing Finance activities hence sub clause (b) of clause (xvi) of paragraph 3 of the said order is not applicable.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, the company is a not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, subclause (c) of clause (xvi) of paragraph 3 of the Order is not applicable.

(d) According to the information and explanations given to us and based on our examination of the records of the Company, there are 6 core investment companies (CIC's) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions 2016 as at the end of the reporting period.

# Annexure – A To The Independent Auditors' Report (Contd.)

(xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not incurred cash losses in the current financial year and cash losses of ₹1,69,22,224/-in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year, accordingly, clause (xviii) of paragraph 3 of the said order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, the company is not required to spend any amount under section 135 (5) of the Companies Act, 2013 for the financial year. accordingly, sub clause (a) & (b) of clause (xx) of paragraph 3 of the said order are not applicable.

(xxi) According to the information and explanations given to us and based on our examination of the records of the Company, clause (xxi) of paragraph 3 of the said order is not applicable.

For **Chandrashekar Iyer & Co**
Chartered Accountants
Firm Registration No.: 114260W

**(Ganesh Kumar M.V)**
Partner
Membership No.:142519
UDIN: 23142519BGZGCO4233

Mumbai, April 19 ,2023

# Annexure 'B' To The Independent Auditors' Report

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements section of our report to the Members of Taj Trade and Transport Company 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 Taj Trade And Transport Company Limited ("the Company") as of 31st March 2023 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 Board of Directors of the Company 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

## 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

# Annexure – B To The Independent Auditors' Report (Contd.)

transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, 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 31st March 2023, 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 **Chandrashekar Iyer & Co**
Chartered Accountants
Firm Registration No.: 114260W

**(Ganesh Kumar M.V)**
Partner
Membership No.:142519
UDIN: 23142519BGZGCO4233

Mumbai, April 19 ,2023

# Balance Sheet
as at March 31, 2023

| | Note | March 31, 2023 | March 31, 2022 (₹) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 17,593,449 | 19,659,542 |
| Capital work-in-progress | 3 | 1,008,814 | 47,415 |
| Other Intangible assets | 4 | 6,993,515 | 1,537,114 |
| | | **25,595,778** | **21,244,071** |
| **Financial assets** | | | |
| Investments | 5 | 19,369,221 | 19,369,221 |
| **Other financial assets** | | | |
| Term Deposits | 6A | 2,410,061 | 580,000 |
| Income Tax Asset (Net) | | 7,002,958 | 14,709,789 |
| **Total non-current assets** | | **54,378,018** | **55,903,081** |
| **Current assets** | | | |
| Inventories | 8 | 55,600,973 | 47,658,752 |
| **Financial assets** | | | |
| Investments | 7 | 6,535,883 | 6,184,445 |
| Trade receivables | 9 | 8,383,302 | 3,292,683 |
| Cash and cash equivalents | 10 | 10,330,183 | 7,742,631 |
| Bank balances other than cash and cash equivalents | 11 | 41,978,841 | 12,625,791 |
| Other financial assets | 6B | 6,195,715 | 5,909,248 |
| Other current assets | 12 | 10,712,666 | 12,343,082 |
| **Total current assets** | | **139,737,563** | **95,756,632** |
| **Total Assets** | | **194,115,581** | **151,659,713** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 13 | 34,682,250 | 34,682,250 |
| Other equity | 14 | 47,059,773 | 36,182,160 |
| **Total equity** | | **81,742,023** | **70,864,410** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| Lease Liability | 16 | 5,230,585 | 166,667 |
| Provisions | 15 | 3,380,130 | 3,981,849 |
| **Total non current liabilities** | | **8,610,715** | **4,148,516** |
| **Current Liabilities** | | | |
| **Financial liabilities** | | | |
| Lease Liability | 16 | 1,329,216 | 488,550 |
| **Trade payables** | 17 | | |
| A) Total dues of Micro and small enterprises | | 6,826,096 | 6,601,276 |
| B) Total dues other than Micro and small enterprises | | 77,863,236 | 55,317,244 |
| Provisions | 15 | 240,634 | 424,181 |
| Other current liabilities | 18 | 17,503,661 | 13,815,536 |
| **Total current liabilities** | | **103,762,843** | **76,646,787** |
| **Total Equity and Liabilities** | | **194,115,581** | **151,659,713** |
| Summary of significant accounting policies | 2 | | |

The accompanying notes form an integral part of the financial statements from 1 to 45

As per our report attached
For **Chandrashekar Iyer & Co.**
Chartered Accountants

**Ganesh Kumar M.V.**
Partner
Membership No. 142519
Firm Registration No. 114260W

For and on behalf of the Board

**Faisal Momen**
Director
DIN : 00064878

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Dated : April 19, 2023

# Statement of Profit and Loss

for the year ended March 31, 2023

₹

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 19 | 233,365,812 | 86,207,283 |
| Other income | 20 | 2,453,863 | 4,695,257 |
| **Total Income** | | **235,819,675** | **90,902,540** |
| **Expenses** | | | |
| Material Purchased | 21 | 136,872,743 | 55,147,092 |
| Changes in Inventories | 22 | (7,982,273) | (8,423,504) |
| Employee benefit expenses | 23 | 32,830,669 | 22,730,774 |
| Depreciation and amortisation expense | | 4,950,536 | 3,866,367 |
| Other expenses | 24 | 53,749,013 | 34,453,337 |
| **Total Expenses** | | **220,420,688** | **107,774,065** |
| **Profit/ (Loss) before exceptional items and tax** | | **15,398,987** | **(16,871,526)** |
| **Exceptional items** | | - | - |
| **Profit/ (Loss) before tax** | | **15,398,987** | **(16,871,526)** |
| **Tax expense** | | | |
| Current tax | | - | - |
| Short /(Excess) provision for tax of earlier years | | 5,146,599 | 1,875,508 |
| Deferred tax | | - | - |
| **Total** | | **5,146,599** | **1,875,508** |
| **Profit/ (Loss) after tax** | | **10,252,388** | **(18,747,033)** |
| Other comprehensive income, net of tax | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit obligation | | 625,225 | 178,499 |
| | | **625,225** | **178,499** |
| **Total comprehensive Income for the period** | | **10,877,613** | **(18,568,534)** |
| **Profit/ (Loss) for the period attributable to:** | | | |
| Owners of the Company | | 10,252,388 | (18,747,033) |
| **Total Comprehensive Income for the period attributable to** | | | |
| Owners of the Company | | 10,877,613 | (18,568,534) |
| Earnings per share: | | | |
| Basic - (₹) | | 2.96 | (5.41) |
| Diluted - (₹) | | 2.96 | (5.41) |
| Face value per equity share - (₹) | | 10 | 10 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying notes form an integral part of the financial statements from 1 to 45

As per our report attached
For **Chandrashekar Iyer & Co.**
Chartered Accountants

**Ganesh Kumar M.V.**
Partner
Membership No. 142519
Firm Registration No. 114260W

Place : Mumbai
Dated : April 19, 2023

For and on behalf of the Board

**Faisal Momen**
Director
DIN : 00064878

**Nabakumar Shome**
Director
DIN : 03605594

# Statement of Cash Flows

for the year ended March 31, 2023

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Net Profit Before Tax | 15,398,987 | (16,871,526) |
| **Adjustments For :** | | |
| (Profit)/Loss on sale of investments | (8,473) | - |
| Depreciation and Amortisation | 4,950,536 | 3,866,367 |
| Provisions Write back | (600,276) | (2,201,771) |
| Provision for Doubtful Debts and Advances | 1,240,763 | - |
| Loss/(profit) on sale of Current Investments | - | (77,859) |
| Capital Advances/Assets written off | 1,129,044 | 470,000 |
| Gain on fair valuation of investment mandatorily measured at FVPL | (351,438) | (393,674) |
| Dividend Income | (4,000) | - |
| Interest Income | (1,025,555) | (1,027,800) |
| Provision for devaluation of stock | 40,053 | 144,693 |
| Provision for Employee Benefits | 625,225 | 178,499 |
| | **5,995,879** | **958,455** |
| Cash Operating Profit before working capital changes | 21,394,866 | (15,913,071) |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Inventories | (7,982,274) | (8,423,504) |
| Trade Receivables | (6,331,382) | (2,222,691) |
| Other Financial Assets | 3,671,103 | 715,278 |
| Other Current Assets | (3,097,560) | (3,790,453) |
| | **(13,740,113)** | **(13,721,370)** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade Payables | 22,770,812 | 11,443,693 |
| Provision | 5,119,318 | 41,191 |
| Other Liabilities | 4,288,402 | (2,729,003) |
| | **32,178,532** | **8,755,881** |
| Cash Generated from Operating Activities | 39,833,285 | (20,878,560) |
| Direct Taxes (Paid)/ Refunded | 2,939,261 | 5,841,393 |
| **Net Cash Generated From Operating Activities (A)** | **42,772,546** | **(15,037,167)** |
| **Cash Flow From Investing Activities** | | |
| Sale/(Purchase) of Property, Plant and Equipment | (2,302,667) | (1,731,979) |
| Purchase of intangible assets | (7,158,748) | (1,051,861) |
| Capital Work in Progress | (961,399) | 349,950 |
| (Purchase) / Sale of Current Investments | - | 22,500,000 |
| Interest Received | 606,932 | 1,220,946 |
| Dividend Received | 4,000 | - |
| Bank overdraft | - | (14,533,418) |
| Short term Deposits Matured & (Invested in Banks) | (30,373,112) | 10,318,118 |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **(40,184,994)** | **17,071,756** |
| **Cash Flow From Financing Activities** | | |
| Dividend paid (Including tax on dividend) | - | - |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **-** | **-** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | **2,587,552** | **2,034,589** |
| Cash and Cash Equivalents - Opening (Refer Note 10) | 7,742,631 | 5,708,042 |
| Cash and Cash Equivalents - Closing (Refer Note 10) | 10,330,183 | 7,742,631 |

Summary of Significant Accounting Policies 2

The accompanying notes form an integral part of the financial statements from 1 to 45

As per our report attached
For **Chandrashekar Iyer & Co.**
Chartered Accountants

For and on behalf of the Board

**Ganesh Kumar M.V.**
Partner
Membership No. 142519
Firm Registration No. 114260W

**Faisal Momen**
Director
DIN : 00064878

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Dated : April 19, 2023

# Notes forming part of Financial Statements (Contd.)

## Note 1: Corporate Information

Taj Trade and Transport Co. Ltd is incorporated and domiciled in India and has its registered office at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001. The Company is primarily engaged in the business of Retailing Merchandise under the brand name of Taj Khazana.

## Note 2: Statement of significant accounting policies

**(a) Statement of Compliance:**

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

**(b) Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

**(c) Basis of Preparation and Presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(d) Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.
- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

# Notes forming part of Financial Statements (Contd.)

Provision for tax liabilities require judgements on the interpretation of tax law, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Fair Value measurement of derivative and other Financial Instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.
- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.
- **Defined Benefit Plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.
- All assets and liabilities are classified into current and non-current generally on the criteria of realisation /settlement within twelve months period from the Balance sheet date.

**e) Revenue Recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer.

**Revenue from operations:**

Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes sale of goods and services.

Revenue from sale of goods is recognised net of trade discount, returns and indirect taxes on transfer of significant risks and rewards of ownership to the buyer (which generally coincides with the delivery of goods to the customers).

Rendering of services is recognised net off indirect taxes and is recognised in the period in which services have been rendered. These contracts are generally short term in nature.

**Interest:**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend:**

Dividend income is recognised when the Company’s right to receive the amount is established.

**(f) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

# Notes forming part of Financial Statements (Contd.)

All property, plant and equipment are initially recorded at cost. Cost includes all expenditure incidental to acquisition and installation.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful life |
|---|---|
| Leasehold Improvements | 05 years |
| Office Equipment | 05 years |
| Plant & Machinery | 15 years |
| Furniture & Fixtures | 15 years |
| Electrical fittings | 10 years |
| Computers | 6 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(g) Intangible Assets:**

Intangible assets include cost of acquired software and Licences. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. The estimated useful life used for amortising intangible assets are as under:

| Nature of Assets | Useful life adopted |
|---|---|
| Software and Licences | 6 years |

**(h) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# Notes forming part of Financial Statements (Contd.)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**(i) Foreign Currency Translation:**

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

**(j) Non-Current Assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable and expected to be completed within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell

**(k) Inventories:**

Traded goods and consumables are valued at lower of cost and net realisable value. Cost of traded goods is arrived on the basis of specific identification method. In the case of stocks of beauty salons, the same is valued under FIFO method.

**(l) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

# Notes forming part of Financial Statements (Contd.)

**(ii) Deferred Ttax:**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(m) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

**(n) Employee Benefits**

(i) **Provident Fund:** The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees’ salary (currently 12% of employees’ salary), which is recognised

# Notes forming part of Financial Statements (Contd.)

as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

**(ii) Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

**(iii) Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

**(iv) Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the entitlement thereof.

**(o) Cash and Cash Equivalent (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**(p) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(q) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(r) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the decision-maker who are responsible for allocating resources and assessing performance of the operating segments and have been identified as the committee that makes strategic decisions.

# Notes forming part of Financial Statements (Contd.)

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/liabilities".

**(s) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Refer note no. 41.

**(t) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Debt Instruments at Amortised Cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

# Notes forming part of Financial Statements (Contd.)

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Equity Investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in equity – others is carried at lower of cost or fair value

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

# Notes forming part of Financial Statements (Contd.)

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

#### Initial Recognition and Measurement

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

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

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

#### Financial Liabilities at Fair Value through Profit or Loss

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

#### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### De-recognition

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes forming part of Financial Statements (Contd.)

## Note 3 : Property, Plant and Equipment (Owned, unless otherwise stated)

₹

| | Improvements to Buildings | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles * | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At April 1, 2021 | 5,740,886 | 8,027,966 | 26,857,107 | 371,515 | 1,200 | 40,998,674 | 867,365 |
| Additions | 483,107 | 222,793 | 962,476 | 63,604 | - | 1,731,980 | 175,313 |
| Adjustment | | | | | | | |
| Disposals/ Transfer | | | | | | - | 995,263 |
| **At March 31, 2022** | **6,223,993** | **8,250,759** | **27,819,583** | **435,119** | **1,200** | **42,730,654** | **47,415** |
| Additions | 549,385 | 204,898 | 1,158,038 | 398,818 | - | 2,311,139 | 961,399 |
| Adjustments | | | | | | - | |
| Disposals/ Transfer | 57,864 | 363,472 | 1,889,203 | | | 2,310,539 | |
| **At March 31, 2023** | **6,715,514** | **8,092,185** | **27,088,418** | **833,937** | **1,200** | **42,731,254** | **1,008,814** |
| **Depreciation** | | | | | | | |
| At April 1, 2021 | 5,203,229 | 4,226,972 | 10,166,109 | 195,313 | - | 19,791,623 | |
| Charge for the year | 327,222 | 751,979 | 2,129,035 | 71,253 | - | 3,279,489 | |
| Adjustments | | | | | | - | |
| Disposals | | | | | | - | |
| **At March 31, 2022** | **5,530,451** | **4,978,951** | **12,295,144** | **266,566** | **-** | **23,071,112** | |
| Charge for the year | 299,172 | 693,691 | 2,153,924 | 101,401 | - | 3,248,188 | |
| Adjustments | | | | | | - | |
| Disposals | 47,849 | 215,893 | 917,753 | - | | 1,181,495 | |
| **At March 31, 2023** | **5,781,774** | **5,456,749** | **13,531,315** | **367,967** | **-** | **25,137,805** | |
| **Net Block** | | | | | | | |
| At March 31, 2022 | 693,542 | 3,271,808 | 15,524,439 | 168,553 | 1,200 | 19,659,543 | 47,415 |
| **At March 31, 2023** | **933,740** | **2,635,436** | **13,557,103** | **465,970** | **1,200** | **17,593,449** | **1,008,814** |

### Footnotes :

1 *Cars & Vehicles including Leased Cars upto March 31, 2003 costing ₹49,39,770/- (Previous Year ₹49,39,770/- ), WDV ₹1,200/- (Previous Year ₹1,200/-) have been held for disposal and valued at WDV or Net Realisable Value whichever is lower.

Refer to note number 30 to notes to accounts.

2 For Capital Commitments refer note no. 25.

# Notes forming part of Financial Statements (Contd.)

## Note 4 : Intangible Assets (Acquired)

₹

| | Software | Goodwill | Right to use | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At April 1, 2021 | 1,760,298 | 10,574,151 | - | 12,334,449 |
| Additions | 122,500 | - | 929,361 | 1,051,861 |
| Adjustments | - | - | - | - |
| Disposals | - | - | | - |
| **At March 31, 2022** | **1,882,798** | **10,574,151** | **929,361** | **13,386,310** |
| Additions | 64,000 | | 7,094,748 | 7,158,748 |
| Adjustments | | | | - |
| Disposals | 30,363 | - | - | 30,363 |
| **At March 31, 2023** | **1,916,435** | **10,574,151** | **8,024,109** | **20,514,695** |
| **Amortisation** | | | | |
| At April 1, 2021 | 688,167 | 10,574,151 | - | 11,262,318 |
| Charge for the year | 277,091 | - | 309,787 | 586,878 |
| Adjustments | - | - | - | - |
| Disposals | - | - | - | - |
| **At March 31, 2022** | **965,258** | **10,574,151** | **309,787** | **11,849,196** |
| Charge for the year | 291,700 | | 1,410,647 | 1,702,347 |
| Adjustments | | | | |
| Disposals | 30,363 | - | - | 30,363 |
| **At March 31, 2023** | **1,226,595** | **10,574,151** | **1,720,434** | **13,521,180** |
| **Net Block** | | | | |
| At March 31, 2022 | 917,540 | - | 619,574 | 1,537,114 |
| **At March 31, 2023** | **689,840** | **-** | **6,303,675** | **6,993,515** |

## Note 5 : Investments

| Non Current Investments | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Holdings As at | ₹ | Holdings As at | ₹ |
| **Fully Paid Quoted Equity Instruments** | | | | |
| **Investments in Associate of Holding Companies (At Cost)** | | | | |
| Oriental Hotels Limited shares of ₹1 each fully paid | 1,664,090 | 18,608,480 | 1,664,090 | 18,608,480 |
| | **1,664,090** | **18,608,480** | **1,664,090** | **18,608,480** |
| **Fully Paid Unquoted Equity Instruments** | | | | |
| **Investments in Subsidiary and Associates of Holding Companies (At Cost)** | | | | |
| Inditravel Limited shares of ₹10 each fully paid | 72,001 | 720,750 | 72,001 | 720,750 |
| Taida Trading and Industries Limited shares of ₹100 each fully paid | 680 | 68,000 | 680 | 68,000 |
| | **72,681** | **788,750** | **72,681** | **788,750** |
| **Other Investments ( Cost or Fair value whichever is lower)** | | | | |
| Bombay Mercantile Co-op Bank Ltd | 333 | 9,990 | 333 | 9,990 |
| Saraswat Co-op Bank Ltd | 1,000 | 10,000 | 1,000 | 10,000 |
| | **1,333** | **19,990** | **1,333** | **19,990** |
| **Total Investment in Equity instruments** | | **19,417,220** | | **19,417,220** |

# Notes forming part of Financial Statements (Contd.)

| Non Current Investments | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Holdings As at | ₹ | Holdings As at | ₹ |
| Investment in Others | | | | |
| National Saving Certificate * | | 20,000 | | 20,000 |
| | | **20,000** | | **20,000** |
| Total Non-current Investments - Gross | | 19,437,220 | | 19,437,220 |
| Less : Provision for Diminution in value of Investments ** | | (67,999) | | (67,999) |
| **Total Non-current Investments - Net** | | **19,369,221** | | **19,369,221** |
| Footnotes : | | | | |
| 1) Aggregate value of cost of Quoted Investments | | 18,608,480 | | 18,608,480 |
| 2) Aggregate market value of Quoted Investments | | 131,130,292 | | 105,253,693 |
| 3) Aggregate value of cost of Unquoted Investments | | 828,740 | | 828,740 |
| 4) Aggregate amount of provision for diminution in value of investments | | **(67,999)** | | **(67,999)** |

5) * Security Deposit for VAT
6) ** Provision for diminution in value has been made on the basis of book value of the shares of the respective companies as per last Audited Balance Sheet

## Note 6 : Other Financial Assets

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **A) Non Current** | | |
| (Unsecured, considered good unless stated otherwise) | | |
| **a) Loans and advances to related parties at fair value** | | |
| Security Deposit | 990,000 | 180,000 |
| **b) Deposits with Banks** | | |
| (Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/ Pledged deposits classified as Non - current) (Refer note 11) | 1,420,061 | 400,000 |
| | **2,410,061** | **580,000** |
| **B) Current** | | |
| (Unsecured, considered good unless stated otherwise) | | |
| Related Parties (Refer Note no. 43) | | |
| Considered Good | 557,860 | 570,257 |
| Interest Receivable | 662,170 | 243,547 |
| Loans and advances to Employees | 75,685 | 195,444 |
| Others (Lease Tax Deposit) | 4,900,000 | 4,900,000 |
| | **6,195,715** | **5,909,248** |

# Notes forming part of Financial Statements (Contd.)

## Note 7 : Investments

| Current Investments | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Holdings As at | ₹ | Holdings As at | ₹ |
| **Investments in Mutual Fund Units (Quoted )** | | | | |
| Tata Mutual Fund | 1,840 | 6,535,883 | 1,840 | 6,184,445 |
| **TOTAL** | | **6,535,883** | | **6,184,445** |
| 1) Aggregate amount of cost of quoted Investments | | 6,535,883 | | 6,184,445 |
| 2) Aggregate market value of quoted Investments | | 6,535,883 | | 6,184,445 |

## Note 8 : Inventories (At lower of cost and net realisable value)

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Stock in Trade * | 56,148,559 | 48,166,286 |
| Less: Provision for Devaluation of Stock | 547,586 | 507,534 |
| | **55,600,973** | **47,658,752** |

* Stock in Trade (as taken and certified by management) is valued at lower of Cost & Market Value

## Note 9 : Trade Receivables (Refer ageing schedule below)*

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Secured** | | |
| Considered good | - | - |
| Credit Impaired | - | - |
| | - | - |
| **Unsecured** | | |
| Considered good | 8,383,302 | 3,292,683 |
| Credit Impaired | 2,087,670 | 1,077,266 |
| | **10,470,972** | **4,369,949** |
| **Less :** | | |
| Allowance for Credit Impaired | 2,087,670 | 1,077,266 |
| (For Related Party balances refer note no. 43) | **8,383,302** | **3,292,683** |

# Notes forming part of Financial Statements (Contd.)

### * Trade receivable ageing schedule

### As at March 31,2023

₹

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | | 7,977,639 | 405,663 | - | - | - | 8,383,302 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | | | | | | - |
| (iii) Undisputed Trade Receivables – credit impaired | | - | | 403,333 | 1,129,508 | 554,829 | 2,087,670 |
| (iv) Disputed Trade Receivables– considered good | | | | | | | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | | | | | | - |
| (vi) Disputed Trade Receivables – credit impaired | | | | | | | - |
| **Total** | **-** | **7,977,639** | **405,663** | **403,333** | **1,129,508** | **554,829** | **10,470,972** |
| Less : Allowance for credit impaired | | | - | 403,333 | 1,129,508 | 554,829 | 2,087,670 |
| **Net Trade Receivables** | **-** | **7,977,639** | **405,663** | **-** | **-** | **-** | **8,383,302** |

### As at March 31,2022

₹

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | | 3,013,564 | 51,854 | 227,264 | - | | 3,292,683 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | - | - | - | - | | - |
| (iii) Undisputed Trade Receivables – credit impaired | | - | 118,952 | 903,485 | 54,829 | | 1,077,266 |
| (iv) Disputed Trade Receivables– considered good | | - | - | - | - | | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | - | - | - | - | | - |
| (vi) Disputed Trade Receivables – credit impaired | | - | - | - | - | | - |
| **Total** | **-** | **3,013,564** | **170,806** | **1,130,749** | **54,829** | **-** | **4,369,949** |
| Less : Allowance for credit impaired | | | 118,952 | 903,485 | 54,829 | | 1,077,266 |
| **Net Trade Receivables** | **-** | **3,013,564** | **51,854** | **227,264** | **-** | **-** | **3,292,683** |

# Notes forming part of Financial Statements (Contd.)

## Note 10 : Cash and Cash Equivalents

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash in hand | 411,416 | 555,758 |
| Balances with bank in current account | 9,918,767 | 7,186,873 |
| | **10,330,183** | **7,742,631** |

## Note 11 : Bank Balances Other than Cash and Cash Equivalents

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Balances with banks** | | |
| Call and Short-term deposit accounts ( Of which ₹13,23,349/- (Previous year ₹12,14,774/-) is held as security against Bank Guarantee ) | 43,398,902 | 13,025,791 |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Pledged deposits classified as Non-Current (Refer Note no.6 ) | 1,420,061 | 400,000 |
| | **41,978,841** | **12,625,791** |

## Note 12 : Other Assets

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Prepaid Expenses | 1,169,547 | 563,673 |
| Other Recoverables | 256,102 | 21,240 |
| Advance to Suppliers | 580,641 | 896,487 |
| Less: Provision for Doubtful Advances | 229,118 | - |
| | **351,523** | **896,487** |
| Indirect tax recoverable | 8,935,494 | 10,861,682 |
| | **10,712,666** | **12,343,082** |

## Note 13 : Equity Share Capital

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| Equity Shares | | |
| 40,00,000 (Previous Year 40,00,000) Equity Shares of ₹10 each | 40,000,000 | 40,000,000 |
| | **40,000,000** | **40,000,000** |
| **Issued Share Capital** | | |
| Equity Shares | | |
| 34,68,225 (Previous Year 34,68,225) Equity Shares of ₹10 each fully paid. | 34,682,250 | 34,682,250 |
| | **34,682,250** | **34,682,250** |
| **Promoter shareholding** | | |
| Name of the promoter | The Indian Hotels Company Ltd | |
| Number of shares held | 1,616,999 | 1,616,999 |
| Percentage of total shares | 46.62% | 46.62% |
| Percentage change during the year | NIL | NIL |

# Notes forming part of Financial Statements (Contd.)

**Footnotes:**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ | No. of shares | ₹ |
| As at the beginning of the year | 3,468,225 | 34,682,250 | 3,468,225 | 34,682,250 |
| Add : Issued during the year | - | - | - | - |
| As at the end of the year | 3,468,225 | 34,682,250 | 3,468,225 | 34,682,250 |

(ii) Shareholders holding more than 5% shares in the Company :

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| **Equity shares of ₹10 each fully paid** | | | | |
| The Indian Hotels Company Limited | 1,616,999 | 46.62% | 1,616,999 | 46.62% |
| Inditravel Limited | 550,766 | 15.88% | 550,766 | 15.88% |
| Piem Hotels Limited | 886,500 | 25.56% | 886,500 | 25.56% |

(iii) Shares in the entity held by the holding company/ ultimate holding company or by its subsidiaries and associates.

| Name of the Company<br>Equity shares of ₹10 each fully paid | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| **Shares held by Ultimate Holding Company** | | | | |
| The Indian Hotels Company Limited | 1,616,999 | 46.62% | 1,616,999 | 46.62% |
| | **1,616,999** | **46.62%** | **1,616,999** | **46.62%** |
| **Shares held by Subsidiaries of Ultimate Holding Company** | | | | |
| Inditravel Limited | 550,766 | 15.88% | 550,766 | 15.88% |
| Piem Hotels Limited | 886,500 | 25.56% | 886,500 | 25.56% |
| Northern India Hotels Limited | 49,998 | 1.44% | 49,998 | 1.44% |
| | **1,487,264** | **42.88%** | **1,487,264** | **42.88%** |
| **Shares held by Associates of Ultimate Holding Company** | | | | |
| Oriental Hotels Limited | 100,500 | 2.90% | 100,500 | 2.90% |
| | **100,500** | **2.90%** | **100,500** | **2.90%** |

(iv) The company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held.

(v) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

# Notes forming part of Financial Statements (Contd.)

## Note 14: Statement of Changes in Equity

### A. Equity Share Capital

(1) Current reporting period

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 34,682,250 | - | - | - | 34,682,250 |

(2) Previous reporting period

| Balance at the beginning of the previous reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the previous reporting period | Changes in equity share capital during the previous year | Balance at the end of the previous reporting period |
|---|---|---|---|---|
| 34,682,250 | - | - | - | 34,682,250 |

### B. Other Equity

| | | | Other Equity | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Reserves and Surplus | | | | | | |
| Particulars | Share Application Money Pending Allotment | Equity Component of other financial instruments | Capital Reserve | Securities Premium Account | General Reserve | Other reserves | Retained Earnings | Money received against share warrants | Total |
| **Balance as at March 31, 2021** | **-** | **-** | **-** | **28,125,000** | **46,866,523** | **2,817,750** | **(23,058,579)** | **-** | **54,750,694** |
| Profit/(Loss) for the year ended March 31, 2022 | | | | | | | (18,747,033) | | (18,747,033) |
| Other Comprehensive Income for the year ended March 31, 2022, net of taxes, (excluding actuarial gain/ losses, given below) | | | - | | | | - | | - |
| Remeasurements of post employment benefit obligation, net of tax | | | | | | | 178,499 | | 178,499 |
| **Total Comprehensive Income for the year ended March 31, 2022** | | | **-** | | | | **(18,568,534)** | | **(18,568,534)** |
| Dividends | | | | | | - | - | | - |
| Tax on Dividend | | | | | | - | - | | - |
| **Balance as at March 31, 2022** | **-** | **-** | **-** | **28,125,000** | **46,866,523** | **2,817,750** | **(41,627,113)** | **-** | **36,182,160** |
| Profit/(Loss) for the year ended March 31, 2023 | | | | | | | 10,252,388 | | 10,252,388 |
| Other Comprehensive Income for the year ended March 31, 2023, net of taxes, (excluding actuarial gain/ losses, given below) | | | - | | | | 625,225 | | 625,225 |
| Remeasurements of post employment benefit obligation, net of tax | | | | | | | - | | - |
| **Total Comprehensive Income for the year ended March 31, 2023** | | | **-** | | | | **10,877,613** | | **10,877,613** |
| Dividends | | | | | | - | - | | - |
| Tax on Dividend | | | | | | - | - | | - |
| **Balance as at March 31, 2023** | **-** | **-** | **-** | **28,125,000** | **46,866,523** | **2,817,750** | **(30,749,500)** | **-** | **47,059,773** |

# Notes forming part of Financial Statements (Contd.)

## Note 15 : Provisions

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **A)** | **Non- Current** | | |
| | Employee Benefit Obligation | | |
| | Leave Encashment | 1,435,798 | 1,299,589 |
| | Gratuity (refer note no.31) | 1,944,332 | 2,682,260 |
| | | **3,380,130** | **3,981,849** |
| **B)** | **Current** | | |
| | Employee Benefit Obligation | | |
| | Leave Encashment | 240,634 | 424,181 |
| | | **240,634** | **424,181** |

## Note 16 : Lease Liability

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **A)** | **Non current** | | |
| | Lease Liability | 5,230,585 | 166,667 |
| | | **5,230,585** | **166,667** |
| **B)** | **Current** | | |
| | Lease Liability | 1,329,216 | 488,550 |
| | | **1,329,216** | **488,550** |

## Note 17 : Trade Payables

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro, Small and Medium Enterprises - (Refer note no. 37) | 6,826,096 | 6,601,276 |
| Sundry Creditors (Refer Ageing Schedule below)* | 67,032,314 | 52,977,683 |
| Accrued expenses and others | 10,830,922 | 2,339,561 |
| | **84,689,332** | **61,918,520** |

# Notes forming part of Financial Statements (Contd.)

## Trade Payables ageing schedule

### As at March 31,2023

₹

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | | 6,826,096 | | | | 6,826,096 |
| (ii) Trade Payables - Others | | 66,396,119 | 636,194 | | | 67,032,314 |
| (iii) Accrued Expenses | | 10,830,922 | | | | 10,830,922 |
| (iv) Disputed dues – MSME | | | | | | - |
| (v) Disputed dues - Others | | | | | | - |
| **Total** | **-** | **84,053,138** | **636,194** | **-** | **-** | **84,689,332** |

### As at March 31,2022

₹

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | | 6,601,276 | | | | 6,601,276 |
| (ii) Trade Payables - Others | | 52,734,276 | 243,407 | | | 52,977,683 |
| (iii) Accrued Expenses | | 2,339,561 | | | | 2,339,561 |
| (iv) Disputed dues – MSME | | | | | | - |
| (v) Disputed dues - Others | | | | | | - |
| **Total** | **-** | **61,675,113** | **243,407** | **-** | **-** | **61,918,520** |

## Note 18 : Other Liabilities

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Statutory dues | 13,368,284 | 10,686,832 |
| Advance from Customers | 2,722,447 | - |
| Related Parties | 1,412,930 | 3,128,704 |
| | **17,503,661** | **13,815,536** |

## Note 19 : Revenue from Operations

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of Goods | 192,663,578 | 71,936,703 |
| Sale of Services | 40,702,234 | 14,270,580 |
| **Total** | **233,365,812** | **86,207,283** |

# Notes forming part of Financial Statements (Contd.)

## Note 20 : Other Income

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks (Tax deducted at source ₹93,930/- (Previous Year ₹93,953/-) | 1,025,555 | 1,027,800 |
| **Interest on Income Tax Refunds** | 458,776 | 994,153 |
| **Total** | **1,484,331** | **2,021,953** |
| **Gain on fair valuation of investment mandatorily measured at FVPL** | 351,438 | 393,674 |
| Dividend received on Investment carried at cost | | |
| Dividend Income - Non-Current (Trade) | 4,000 | - |
| **Profit on sale of assets (Net)** | 8,473 | - |
| **Profit on sale of Investments (Net)** | - | 77,859 |
| **Exchange Gain (Net)** | 5,345 | - |
| **Others** | 600,276 | 2,201,771 |
| **Total** | **2,453,863** | **4,695,257** |

## Note 21 : Materials Purchased

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Purchase of stock in trade - Trading (net of returns) | 136,872,743 | 55,147,092 |
| **Total Material purchased** | **136,872,743** | **55,147,092** |

## Note 22 : Changes in Inventories

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| ( i ) Trading | | |
| Opening Stock | 48,166,286 | 39,742,782 |
| Closing Stock | 56,148,559 | 48,166,286 |
| **Total** | **(7,982,273)** | **(8,423,504)** |

## Note 23 : Employee Benefit Expenses

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 25,699,179 | 17,218,028 |
| Company's Contribution to Provident and Other Funds -(refer note 31) | 2,614,681 | 1,805,572 |
| Reimbursement of Expenses on Personnel Deputed to the Company | 2,366,264 | 2,205,515 |
| Staff Welfare Expenses | 2,150,545 | 1,501,659 |
| **Total** | **32,830,669** | **22,730,774** |

# Notes forming part of Financial Statements (Contd.)

## Note 24 : Other Expenses

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Electricity | 2,782,279 | 1,748,416 |
| Repairs to Machinery | 18,336 | 23,235 |
| Repairs - Others | 623,102 | 533,615 |
| Rent | 23,778,923 | 14,239,539 |
| Rates and Taxes | 311,060 | 1,018,595 |
| Insurance | 1,495,029 | 1,246,081 |
| Business Promotion Expenses | 2,142,872 | 1,609,096 |
| Travelling and Conveyance Expenses | 2,791,954 | 1,476,419 |
| Credit Cards Charges | 2,991,858 | 852,030 |
| Provision for Doubtful Debts (Refer Footnote (vi)) | 1,011,645 | - |
| Provision for Doubtful Advances | 229,118 | - |
| Legal and Professional Charges | 9,107,539 | 7,036,405 |
| Payment made to Statutory Auditors (Refer Footnote (i)) | 332,158 | 327,272 |
| Capital Advances Written off | - | 470,000 |
| Assets Written Off | 1,129,044 | - |
| Provision for Devaluation of Stock | 233,587 | 233,469 |
| Miscellaneous Expenses | 4,770,509 | 3,639,165 |
| **Total** | **53,749,013** | **34,453,337** |

### Footnote:

### (i) Payment made to Statutory Auditors:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditors | 250,000 | 250,000 |
| As tax auditors | 50,000 | 50,000 |
| For out-of pocket expenses | 32,158 | 27,272 |
| | **332,158** | **327,272** |

## Note 25 : Contingent Liabilities:

### Contingent liabilities and commitments (to the extent not provided for)

₹

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Contingent Liabilities** | | |
| (a) Claims against the company not acknowledged as debts | - | - |
| (i) Income tax demand under appeal | 942,450 | 942,450 |
| | **942,450** | **942,450** |
| (b) Other money for which the company is contingently liable Employee Related Matters | | |
| | 6,926,220 | 6,926,220 |
| (c) Guarantees given by banks on behalf of the company | 544,090 | 544,090 |
| | **8,412,760** | **8,412,760** |
| **Commitments** | | |
| (a) Estimated amounts of contracts remaining to be executed on capital account and not provided for | 477,672 | - |
| | **8,890,432** | **8,412,760** |

# Notes forming part of Financial Statements (Contd.)

The management believes that the outcome of the proceedings will not have an adverse effect on the company's financial position and results of the operation.

## Note 26 : IND AS 115 'Revenue from Contracts with Customers'

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

₹

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | **Contract with Customers** | | |
| 1 | **Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.** | | |
| | **Revenue from operations** | | |
| | **Revenue from contract with customers** | | |
| | a) Sale goods | 192,663,578 | 71,936,703 |
| | b) Sale of services | 40,702,234 | 14,270,580 |
| | | **233,365,812** | **86,207,283** |
| | **Other operating revenue** | | |
| | a) Export Incentive | - | - |
| | b) Other revenue | - | - |
| | | - | - |
| | **Total Revenue from operations** | **233,365,812** | **86,207,283** |
| 2 | **Disaggregate Revenue** | | |
| | The following table presents Company's revenue disaggregated by type of revenue stream | | |
| | **Revenue based on product and services** | | |
| | **Revenue from contract with customers** | | |
| | a) Sale of goods | 192,663,578 | 71,936,703 |
| | b) Sale of services | 40,702,234 | 14,270,580 |
| 3 | The Company derives its revenue from the transfer of goods and services at a point of time in its major service lines. | | |
| 4 | Contract balances | | |
| | **Advance Collections, deposits from customer** | | |
| | Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/ restaurant/Banquets. Revenue is recognised once the performance obligation is met i.e. on room stay/ sale of food and beverage / provision of banquet services. | | |

₹

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| At April | - | - |
| At March | - | - |

Revenue recognised during the period that was included in the opening balance of Customer Advances amounted to ₹NIL (P.Y. ₹NIL).

# Notes forming part of Financial Statements (Contd.)

**Note 27 :** The Company is carrying slow-moving/non-moving inventory of ₹3,13,999/- (P.Y.₹2,74,065/-) which is more than one year old in its books. An amount of ₹3,13,999/- (P.Y. ₹2,74,065/-) is being carried forward as provision for obsolescence against this stock.

**Note 28 :** The Company is carrying forward a provision of ₹2,33,587/- (P.Y ₹2,33,469/-) on account of shortages/damages in the consignment stocks.

**Note 29:** The Company has Goods on Approval arrangement with suppliers in ordinary course of business. The value of such stock, at cost, which has been excluded from the Balance sheet amounts to ₹29,36,50,515 (P.Y. ₹17,96,29,963).

## Note 30 : Assets held for disposal:

₹

| Particulars | Original Cost | Book Value | Book Value of Previous Year |
|---|---|---|---|
| Cars & Vehicles | 4,939,770<br>(P.Y. 4,939,770) | 1,200 | 1,200 |

The estimated realisation value of the above assets is higher than the present book value.

## Note 31 : Employee Benefits.

Applicable Disclosures as per IND AS-19:
The Company has calculated the various benefits to employees as under:

### (A) Defined Contribution Plans

The company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and other funds (net of recoveries).

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provident fund | 1,428,258 | 1,154,917 |

### (B) Defined Benefit Plans

The company operates post retirement defined benefit plans as follows:

(i) Post retirement gratuity – Funded

### (C) Defined Benefit Plans – as per actuarial valuation on March 31, 2023: -

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Amount to be recognised in Balance Sheet and movement in net liability** | | |
| | Present Value of Funded obligation | 8,449,153 | 9,982,182 |
| | Fair Value of Plan Assets | 6,504,821 | 7,299,922 |
| | Net (Assets) / Liability | 1,944,332 | 2,682,260 |
| **(ii)** | **Expense recognised in Statement of Profit & Loss** | | |
| | Current service cost | 562,451 | 579,619 |
| | Interest cost | 148,394 | 181,754 |
| | **Total** | **710,845** | **761,373** |

# Notes forming part of Financial Statements (Contd.)

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(iii)** | **Expense recognised in Other Comprehensive Income** | | |
| | Remeasurements due to: | | |
| | Changes in financial assumptions | (374,478) | - |
| | Changes in demographic assumptions | - | - |
| | Experience adjustments | 520,334 | (496,987) |
| | Actual return on plan assets less interest on plan assets | (771,081) | 318,488 |
| | Adjustment to recognise the effect of asset ceiling | | |
| | **Total** | **(625,225)** | **(178,499)** |
| **(iv)** | **Reconciliation of Defined Benefit Obligation :** | | |
| | Opening Defined Benefit Obligation | 9,982,182 | 9,970,087 |
| | Current service cost | 562,451 | 579,619 |
| | Interest cost | 573,357 | 635,511 |
| | **Remeasurements due to actuarial loss/ (gain) arising from** | | |
| | Changes in financial assumptions | (374,478) | - |
| | Changes in demographic assumptions | | |
| | Experience adjustments | 520,334 | (496,987) |
| | Benefits Paid | (2,752,518) | (706,048) |
| | Liabilities assumed/ (settled)* | (62,175) | - |
| | **Closing Defined Benefit Obligation** | **8,449,153** | **9,982,182** |
| **(v)** | **Reconciliation of Fair Value of Plan Assets** | | |
| | Opening of Fair Value of Plan Assets | 7,299,922 | 7,047,232 |
| | Interest on plan assets | 424,963 | 453,757 |
| | **Remeasurements due to:** | | |
| | Actual return on plan assets less interest on plan assets | 771,081 | (318,488) |
| | Contribution by Employer | 761,373 | 823,469 |
| | Benefits Paid | (2,752,518) | (706,048) |
| | **Closing of Fair Value of Plan Assets** | **6,504,821** | **7,299,922** |
| **(vi)** | **Acturial Assumptions** | | |
| | Discount rate(p.a.) in % | 7.45% | 6.80% |
| | Salary Escalation rate (p.a.) in % | 8% | 8% |
| | Pension Escalation Rate (p.a.) in % | - | - |
| | Annual Increase in healthcare costs (p.a.) | - | - |
| | Mortality table(LIC) | - | - |

* On account of Business combination or intergroup transfer

## (vii) Disaggregation of Plan Assets

₹

| | March 31, 2023 | | | | March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted | Unquoted | Total | % | Quoted | Unquoted | Total | % |
| Government Debt Instruments | - | - | - | 0% | - | - | - | 0% |
| Other Debt Instruments | 1,899,050 | | 1,899,050 | 29% | | | | |
| Insurer managed funds | | 1,254,003 | 1,254,003 | 19% | | 7,299,922 | 7,299,922 | 100% |
| Cash and cash equivalents | | | - | 0% | | | - | 0% |
| Investment funds | | | - | 0% | | | - | 0% |
| Others | | 3,351,768 | 3,351,768 | 52% | | - | - | 0% |
| **Total** | **1,899,050** | **4,605,771** | **6,504,821** | **100%** | **-** | **7,299,922** | **7,299,922** | **100%** |

# Notes forming part of Financial Statements (Contd.)

### (viii) Sensitivity Analysis

(%)

| | March 31, 2023 | |
|---|---|---|
| | Discount rate | Salary Escalation rate |
| Impact of increase in 50 bps on DBO | -3.21% | 3.35% |
| Impact of decrease in 50 bps on DBO | 3.38% | -3.21% |

### (ix) Any other additional disclosure given in the report

| | |
|---|---|
| Mortality Table * | |
| Mortality in service | Table 1 |
| | Table 1 |
| Mortality in retirement | NA |
| | NA |

*Table 1 - Indian Assured Lives Mortality (2012-14) Ult table

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

## Note 32 : Current, Deferred tax (asset)/Liability:

Deferred tax Asset on unabsorbed depreciation, business loss and others has been recognised to the extent of deferred tax liability.

### Reconciliation of tax expense with the effective tax

₹

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit before tax from continuing operation (a) | 15,398,986 | (16,871,526) |
| Income tax rate as applicable (b) | 25.17% | 26.00% |
| Calculated Taxes based on above, without any adjustments for deduction [(a) x (b)] -( c) | 3,875,617 | (4,386,597) |
| **Tax Effect of:** | | |
| Permanent disallowances | 6,292 | 366,733 |
| Deferred tax assets not created due to no probable certainty | 544,203 | 4,019,864 |
| Brought forward losses of earlier years set off | (4,426,112) | |
| (d) | **(3,875,617)** | **4,386,597** |
| Tax for current year (c+d) | - | - |
| **Income tax expense recognised in profit or loss (relating to continuing operations)** | - | - |

# Notes forming part of Financial Statements (Contd.)

## Note 33 : Additional Information

₹

| Sr. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| (i) | Value of imports on CIF basis:- Trading Goods | Nil | Nil |
| (ii) | Expenditure in Foreign Currency – | | |
| | - Passage and Travelling | - | - |
| | - Professional Fees | - | - |
| (iii) | Earnings in foreign exchange | | |
| | (a) Value of sales at shops including value of goods sold on consignment basis and settled in foreign currency or through foreign based credit card agencies (As certified by the management and not verified by the auditors) | 57,451,911 | 8,701,080 |
| | (b) Export – F.O.B. value | - | - |

**Note 34 :** Details of opening stock, purchases, sales and closing stock of traded items for the year ended March 31, 2023.

₹

| Particulars | Opening Stock | Purchases | Sale | Closing Stock |
|---|---|---|---|---|
| **Crafts and wall coverings** | **4,029,439** | **25,986,915** | **41,621,675** | **4,804,532** |
| Previous year | 4,562,472 | 5,811,026 | 10,516,954 | 4,029,439 |
| **Costume Jewellery** | **16,298,522** | **24,508,929** | **26,730,413** | **24,120,896** |
| Previous year | 15,175,455 | 18,553,068 | 10,508,433 | 16,298,522 |
| **Fabric/ Garments/ Leather** | **11,709,295** | **15,724,550** | **27,033,801** | **9,779,604** |
| Previous year | 5,696,889 | 14,450,217 | 13,903,965 | 9,093,818 |
| **Saree and stoles** | **10,761,326** | **20,870,705** | **38,721,758** | **11,417,720** |
| Previous year | 7,934,204 | 10,447,377 | 15,177,792 | 10,761,326 |
| **Assorted** | **5,367,704** | **48,336,760** | **58,556,001** | **6,025,806** |
| Previous year | 6,373,762 | 5,885,404 | 21,829,559 | 7,983,180 |
| **Total** | **48,166,286** | **135,427,859** | **192,663,648** | **56,148,559** |
| Previous year | 39,742,782 | 55,147,092 | 71,936,703 | 48,166,286 |

Note:

The particulars of sales, purchase, opening and closing stock given above represent broad categories, consisting of individual items that very in nature and price and quantity. Current year's figures are therefore not comparable with those of the previous year.

## Note 35 : Earnings Per Share:

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| A | Numerator used for calculating basic and diluted | | |
| | Earnings per share | | |
| | Profit/(Loss)after Taxation | 10,252,388 | (18,747,033) |
| B | Weighted average number of shares used as denominator for calculating basic and diluted | | |
| | Earnings per share | 3,468,225 | 3,468,225 |
| C | Nominal value per share (₹) | 10 | 10 |
| D | Basic and diluted earnings per share (₹) | 2.96 | (5.41) |

# Notes forming part of Financial Statements (Contd.)

**Note 36 :** The details of provisions as required by the provisions of Accounting IND AS 37 "Provision, Contingent Liabilities and Contingent Assets are as under;

₹

| Nature of Provision | Leave Encashment and Gratuity |
|---|---|
| Opening Balance | 4,406,030 |
| Additional provisioning | 213,052 |
| Benefits paid during the year | 998,318 |
| **Closing Balance** | **3,620,764** |

## Note 37 : Amounts due to Micro, Small and Medium Enterprises:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act,2006" has been determined to the extend such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

₹

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| (a) | Principal amount due thereon remaining unpaid to any supplier at end of each accounting year. | 6,826,096 | 6,601,276 |
| (b) | Interest due there on remaining unpaid to supplier as at end of each accounting year. | - | - |
| (c) | The amount of interest paid in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (d) | The 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 this Act | - | - |
| (e) | The amount of interest accrued and remaining unpaid at the end of the accounting year. | - | - |
| (f) | The amount further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above paid to the small enterprise, for the purpose of are actually disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

**Note 38 :** There is no separate reportable segment, as the company is predominantly engaged in only one segment i.e. Retail outlets (Khazana). Therefore, the provisions of Ind AS – 108 issued by the Institute of Chartered Accountants of India, pertaining to segment reporting, is not applicable. There is only one geographical segment in which the company operates i.e. India.

## Note 39 : Taxes:

i. No provision has been made in the accounts for income tax since the company has sufficient unabsorbed depreciation and business loss against which income can be set off / adjusted.

   No provision has been made in the accounts for Minimum alternative Tax under section 115JB since the company has opted for new regime.

ii. No provision has been made in the accounts for deferred tax assets in respect of carried forward business and depreciation loss as there is no probable certainty of having adequate taxable profit in the near future to realise such assets.

# Notes forming part of Financial Statements (Contd.)

**Note 40 :** As at March 31, 2023, the company's current liabilities do not exceed its current assets. The Company also has enough Cash and Bank balances for the next 12 months to prevent disruption of the operating cash flows and enable the Company to meet its debts and obligations as they fall due.

Accordingly, the financial statements of the Company are prepared on a going concern basis.

## Note 41 : Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term.

### Company as a lessee

#### Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2021.

# Notes forming part of Financial Statements (Contd.)

## Note 42 : Related Party Disclosure under Ind AS – 24, issued by the Institute of Chartered Accountants of India.

(a) Name of related parties are as under:

| | |
|---|---|
| **A. Holding Company** | The Indian Hotels Company Limited |
| **B. Subsidiaries of Holding Company** | KTC Hotels Limited |
| | United Hotels Limited |
| | Roots Corporation Limited |
| | Piem Hotels Limited |
| | Inditravel Limited |
| | Northern India Hotels Limited |
| | Taj Enterprises Limited |
| | Benares Hotels Limited |
| | Luthria & Lalchandani Hotel & Properties Pvt. Ltd. |
| | Skydeck Properties and Developers Private Limited |
| | Sheena Investments Private Limited |
| | ELEL Hotels & Investments Limited |
| | Ideal Ice Limited |
| | Genness Hospitality Private Limited |
| | Qurio Hospitality Private Limited |
| | Zarrenstar Hospitality Private Limited |
| | Taj International Hotels (H.K) Limited |
| | IHOCO BV |
| | St. James Court Hotels Limited |
| | Taj International Hotels Limited - London |
| | IHMS LLC |
| | IHMS LLC - San Francisco |
| | IHMS LLC - USA |
| | PIEM International Hotels (H.K) Limited |
| | BAHC 5 |
| | United Overseas Holdings Inc. |
| | IHMS Hotels (SA) (Proprietary) Limited |
| | Goodhope Palace Hotels (Proprietary) Limited |
| **C. Joint Ventures of Holding Company** | Taj Kerala Hotels & Resorts Limited |
| | Taj SATS Air Catering Limited |
| | Taj Safaris Limited |
| | Kaveri Retreat & Resorts Limited |
| | Taj Karnataka Hotels & Resorts Ltd |
| | Taj GVK Hotels & Resorts Ltd |
| | TAL Hotels & Resorts Ltd |

# Notes forming part of Financial Statements (Contd.)

(b) The details of related parties' transactions during the year and outstanding balances as at March 31, 2023 are as follows:

₹

| Particulars | Holding Company | | Subsidiaries of Holding | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Deputed Staff cost | 2,325,263 | 2,839,064 | - | - |
| Deputed Staff out | - | - | 2,070,558 | 1,477,982 |
| Operating / License fees paid | 14,449,870 | 10,212,534 | 900,000 | 600,000 |
| Other operating Income | 1,471,833 | 2,154,636 | | 859,514 |
| Purchase of services | 9,865,789 | 9,318,521 | 277,457 | - |
| Current account dues | (915,140) | (4,482,716) | 134,836 | 388,754 |

₹

| Particulars | Associates of Holdings | | Joint Ventures | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Operating / License fees paid | 4,044,591 | 1,607,589 | 324,617 | 181,239 |
| Deputed Staff out | - | 604,421 | | |
| Other operating Income | 432,208 | 309,456 | 5,200 | - |
| Purchase of services | 89,847 | 40,970 | 63,944 | 35,908 |
| Current account dues | (166,305) | (115,107) | 91,544 | 35,357 |

(c) Statement of material transactions:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Holding Company** | | |
| **The Indian Hotels Company Ltd** | | |
| Lease Rentals for Hotel/Factory Premises | 14,449,870 | 10,212,534 |
| Reimbursement of Deputed Staff Salary | 2,325,263 | 2,839,064 |
| Reimbursement of Fuel, Power, Light Etc. | 2,373,606 | 1,739,897 |
| Reimbursement of Laundry expenses | 180,755 | 117,449 |
| Reimbursement of Other expenses | 349,458 | 1,461,175 |
| Sundry Operating expenses | 6,961,970 | 6,000,000 |
| Other Operating Income | 1,471,833 | 2,154,636 |
| Current account dues | (915,140) | (4,482,716) |

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Subsidiaries of Holding Company** | | |
| **Piem Hotels Limited** | | |
| Lease Rentals for Hotel/Factory Premises | 900,000 | 600,000 |
| Purchase of services | 88,814 | - |
| Other operating Income | - | 159,514 |
| Current account dues | (115,865) | - |

# Notes forming part of Financial Statements (Contd.)

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Inditravel Limited** | | |
| Other operating Income | - | 700,000 |
| Deputed Staff Salary out | 1,157,114 | 1,326,583 |
| Purchase of services | 118,784 | - |
| Current account dues | (342) | 339,129 |
| **Ideal Ice Limited** | | |
| Deputed Staff Salary out | 620,908 | 151,399 |
| Current account dues | 346,248 | 231,128 |
| **Quiro Hospitality Private Limited** | | |
| Deputed Staff Salary out | 146,268 | - |
| Current account dues | 43,149 | - |
| **Genness Hospitality Private Limited** | | |
| Deputed Staff Salary out | 146,268 | - |
| Current account dues | 43,149 | - |
| **United Hotels Limited** | | |
| Purchase of services | 69,859 | - |
| **St. James Courts Hotels Limited** | | |
| Current account dues | (181,503) | (181,503) |
| **Associates of Holding Company** | | |
| **Oriental Hotels Ltd** | | |
| Lease Rentals for Hotel/Factory Premises | 4,044,591 | 1,607,589 |
| Reimbursement of Laundry expenses | 67,112 | 17,875 |
| Reimbursement of Other expenses | 22,735 | 23,095 |
| Other operating Income | 432,208 | |
| Current account dues | (200,075) | (115,107) |
| **Taida Trading and Industries Ltd.** | | |
| Current account dues | 33,770 | 604,421 |

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Joint Ventures** | | |
| **Kaveri Retreat & Resorts Limited- Corporate** | | |
| Lease Rentals for Hotel/Factory Premises | 324,617 | 181,239 |
| Reimbursement of Fuel, Power, Light Etc. | 21,172 | 28,408 |
| Purchase of Services | 25,172 | - |
| Other operating Income | 5,200 | - |
| Reimbursement of Other expenses | 17,600 | 7,500 |
| Current account dues | 91,544 | 35,357 |

# Notes forming part of Financial Statements (Contd.)

## Note 43 : Capital Work in Progress (CWIP)

### As at March 31,2023

### a) CWIP aging schedule

Amount in ₹

| CWIP | Amount in CWIP for a period of | | | | Total* |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 961,399 | | | 47,415 | 1,008,814 |
| Projects temporarily suspended | | | | | |

### b) CWIP completion schedule

Amount in ₹

| CWIP | To be completed in | | | | Total* |
|---|---|---|---|---|---|
| | Less than1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project 1 | 1,008,814 | | | | 1,008,814 |
| Project 2” | | | | | |

### As at March 31,2022

### a) CWIP aging schedule

Amount in ₹

| CWIP | Amount in CWIP for a period of | | | | Total* |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | | | 47,415 | | 47,415 |
| Projects temporarily suspended | | | | | |

### b) CWIP completion schedule

Amount in ₹

| CWIP | To be completed in | | | | Total* |
|---|---|---|---|---|---|
| | Less than1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project 1 | 47,415 | | | | 47,415 |
| Project 2” | | | | | |

## 44A.

(i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Notes forming part of Financial Statements (Contd.)

### 44B: Additional Disclosure with respect to amendments to Schedule III

**(i) Details of Benami Property held**

The Company neither holds any benami property nor has it entered in to any benami transactions as prohibited under Prohibition of Benami Property Transactions Act, 1988. No proceedings have been initiated or pending against the company for holding any benami property under Prohibition of Benami Property Transactions Act, 1988 (as amended from time to time) and the rules made thereunder.

**(ii) Transactions with struck off companies**

The Company has not entered in to any transactions and no balances are outstanding with companies struck off under section 248 of the Companies Act, 2013.

**(iii) Undisclosed income**

Undisclosed income or property has not been the subject matter of tax assessment and no adjustments are made thereto in any of the previous financial years. Hence, the Company is not required to account for any previously unrecorded income or unrecorded assets that has been surrendered or disclosed during tax assessments of previous financial years.

**(iv) Wilful defaulter**

The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

**(v) Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction thereof yet to be registered with Registrar of Companies beyond the statutory period in the name of the Company.

**(vi) Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in crypto currencies or virtual currencies during the financial year.

**(vii) Compliance with number of layers of companies**

The Company have complied with the number of layers prescribed under the Companies Act, 2013.

### Note 44 : Ratio Analysis

₹

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| (a) Current Ratio, | 1.35 | 1.25 |
| (b) Debt-Equity Ratio, | 0.00 | 0.00 |
| (c) Debt Service Coverage Ratio, | 12.83 | -10.91 |
| (d) Return on Equity Ratio, | 13% | -26% |
| (e) Inventory turnover ratio, | 2.50 | 1.07 |
| (f) Trade Receivables turnover ratio, | 39.97 | 39.52 |
| (g) Trade payables turnover ratio, | 1.87 | 0.99 |
| (h) Net capital turnover ratio, | 8.47 | 3.54 |
| (i) Net profit ratio, | 4% | -21% |
| (j) Return on Capital employed, | 20% | -20% |
| (k) Return on investment. | NA | NA |

# Notes forming part of Financial Statements (Contd.)

- Debt Service Ratio – Change is due to change in profitability compared to last financial year.
- Return on equity – Change is due to increased profitability in current year.
- Inventory Turnover Ratio – It has improved from 1.07 to 2.50 on account of lower inventory levels in comparison with Cost of Goods Sold.
- Trade Payable Turnover Ratio – It has improved from 0.99 last year to 1.87 due to improved payment to vendors.
- Net Capital turnover Ratio – It has improved from 3.54 to 8.47 due to increase in the Net sale by 3 times over last financial year.
- Net Profit Ratio – It has improved from -21% to 4% due to increase in the sale turnover .
- Return on Capital Employed- It has improved from -20% to 20% due to profits and against losses in last financial year.

**Note 45 :** Figures of the previous year have been regrouped/ rearranged wherever necessary so as to make them comparable with those of the current year.

Signatures to Notes 1 to 45.

As per our report attached
For **Chandrashekar Iyer & Co.**
Chartered Accountants

**Ganesh Kumar M.V.**
Partner
Membership No. 142519
Firm Registration No. 114260W

For and on behalf of the Board

**Faisal Momen**
Director
DIN : 00064878

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Dated : April 19, 2023

# Independent Auditor's Report

To the Members United Hotels Limited

## Report on Ind AS Financial Statements

### 1. Opinion

We have audited the accompanying Ind AS financial statements of United Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit (including Other Comprehensive Income), its Cash Flows and Changes in Equity for the year ended on that date.

### 2. Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### 3. Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Director's report, if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance.

### 4. Responsibilities of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets

# Independent Auditor's Report (Contd.)

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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## 5. Auditor's Responsibilities for the Audit of Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 Act, 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

# Independent Auditor's Report (Contd.)

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.

## 6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

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 our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by the report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards referred to in section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of written representations received from the directors as on March 31, 2023 and taken on record by Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) As per information and explanations furnished to us and on examination of the records produced, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of the Act, read with Schedule V of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its IndAS financial statements (Refer note 33 of the IndAS financials).

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

# Independent Auditor's Report (Contd.)

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The Management has represented, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The Management has represented, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid dividend during the year, hence no compliance with section 123 of the Companies Act, 2013 is applicable.

For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Anil K. Khanna**
Partner
M.No. 080434
UDIN: 23080434BGYMJL8006

Place: New Delhi
Date: April 21, 2023

# "Annexure A" of our Independent Auditor's report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Intangible assets.

   b) The Company has a program of physical verification of Property, Plant and Equipment so to cover all the assets once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   c) There is no immovable property held by the Company, hence no comment is required under clause 3(i)(c) of the Order.

   d) The Company has not revalued any of its Property, Plant and Equipment during the year, hence no comment is required under clause 3(i)(d) of the Order.

   e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.

2. a) Inventory has been physically verified by management and no material discrepancies were noticed. In our opinion, the frequency of verification is reasonable.

   b) The Company has not been sanctioned working capital limits at any point of time during the year, from banks or financial institutions on the basis of security of current assets, hence no comment is required under clause 3(ii)(b) of the order.

3. During the year, the Company (i) has not made investment in equity shares of a joint venture company; (ii) has not provided any guarantee or security; (iii) has given inter-corporate deposits (ICDs) with related parties covered under Ind AS 24. In this respect, we report as follows:

   (a). Summary of ICDs given during the year and principal outstanding as at balance date:

| | ₹ lakhs |
|---|---|
| Aggregate amount of ICDs given during the year FY2022-23: | |
| - Other related parties | 290.00 |
| Balance outstanding as at balance sheet date in respect of above cases: | |
| - Other related parties | 190.00 |

   b). The terms and conditions of ICDs given are, prima facie, not prejudicial to the interests of company.

   c). The schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

   d). In respect of the ICDs given, there are no overdue amounts outstanding as at the balance sheet date.

   e). There has been no renewal, extension or grant of placement of loan or advance, in the nature of loan, to settle the over dues of existing loans provided to the same parties.

   f). No loans have been granted as repayable on demand or without specifying any terms of repayment.

# "Annexure A" of our Independent Auditor's report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited. (Contd.)

4. The provisions of section 185 and 186 of the Act to the extent applicable have been complied with in respect of investments and loans.

5. The Company has not accepted any deposits or deemed deposits that are covered by clause 3 (v) of the Order.

6. The Central Government has not specified maintenance of the cost records under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company no comment is required under clause 3(vi) of the Order.

7. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues as applicable.

   b) Demands have been raised by authorities, and their status as at March 31, 2023 is as hereunder:

   (i) In respect to property tax demand for various years aggregating to ₹ 2,478.43 Lakhs had been raised in respect of the hotel up to March 31, 2023 under the NDMC Bye Laws, 2009. While admitted tax was paid for each year, the demand raised post 2010 till March 31, 2015 was challenged. The Hon'ble Supreme Court vide its Order dated 22nd January, 2019 has declared the NDMC Bye Laws, pursuant to which the property tax demand for all these years was raised, as ultra vires under the NDMC Act and hence quashed. The Company has, however, decided to continue with a provision of ₹ 925 lakhs provided in the books up to March 31, 2023 as the assessment of property tax post 2010, consequent to the quashing of the NDMC demand is yet to be finalised.

   (ii) In respect of income tax matters, appeals have been filed by the Income Tax Department against Orders in favour of the Company;

| Nature of the statute | Nature of dues | Period to which demand relates | Amount (₹ lakhs) | Dispute pending with |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | AY 2018-19 | 121.60 | Commissioner Income Tax (Appeals) |

Note: The abovesaid are stated as contingent liabilities as per note 33 in the notes to accounts accompanying the financial statements

8. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

9. a) The Company has not availed of any loans or borrowings from any lender hence no comment is required under clause 3(ix)(a) of the Order. The Company has not issued any debentures.

   b) The Company has not been declared wilful defaulter by any lender hence no comment is required under clause 3(ix) (b) of the order.

   c) The Company has not raised any term loans during the year and there are no outstanding term loans at the beginning of the year, hence no comment is required under clause 3(ix)(c) of the Order.

   d) The company has not raised any funds for short-term or long-term purpose hence no comment is required under clause 3(ix)(d) of the order

# "Annexure A" of our Independent Auditor's report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited. (Contd.)

e) The Company does not have any subsidiaries, associates or joint ventures; hence no comment is required under clause 3(ix)(e) of the Order regarding taking of any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company does not have any subsidiaries, associates or joint ventures; hence no comment is required under clause 3(ix)(f) of the Order regarding raising loans during the year on the pledge of securities held in its subsidiaries, associate or joint ventures.

10. a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments); hence no comment is required under clause 3(x)(a) of the Order.

    b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, hence, no comment is required under clause 3(x)(b) of the Order.

11. a) No fraud by the Company and no fraud on the Company has been noticed or reported during the year.

    b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

    c) No whistle blower complaints have been received by the Company during the year (and up to the date of this report)

12. The Company is not a Nidhi company hence, no comment is required under clause 3(xii) of the Order.

13. The transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.

14. (a) The Company has an internal audit system to commensurate with the size and nature of its business.

    (b) We have considered the internal audit report of the year under audit. A thirteen-month period from 1st December, 2021 to 30th December, 2022 has been covered under the internal audit report issued to the Company. We have considered the report in determining the nature, timing and extent of our audit procedures.

15. The Company has not entered into any non-cash transactions referred to in section 192 of the Act with directors or person connected with him during the year. Hence, no comment is required under clause 3(xv) of the Order.

16. a) The provision of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company; Hence no comment is required under clause 3(xvi)(a), (b), (c) and (d) of the Order

17. The Company does not have any cash losses for the current period under audit but has incurred cash losses of ₹ 175.63 lakhs in the immediately preceding financial year FY2021-22.

18. There has been no resignation of the statutory auditors during the year

# “Annexure A” of our Independent Auditor’s report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited. (Contd.)

19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. The Company does not have any obligation to incur Corporate Social Responsibility expenditure in accordance with Section 135 of the Companies Act, 2013.

For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Anil K. Khanna**
Partner
M.No. 080434
UDIN: 23080434BGYMJL8006

Place: New Delhi
Date: April 21, 2023

# "Annexure B" to the Independent Auditor's report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited

## 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 United Hotels Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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

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

# “Annexure B” to the Independent Auditor’s report of even date on the Ind AS Financial Statements as at and for the year ended March 31, 2023 of United Hotels Limited (Contd.)

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has generally in most aspects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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 **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Anil K. Khanna**
Partner
M.No. 080434
UDIN: 23080434BGYMJL8006

Place: New Delhi
Date: April 21, 2023

# Balance Sheet
as at March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 803.71 | 854.79 |
| Right to use assets | 3(b) | 79.81 | 106.39 |
| Intangible assets | 4 | 6.36 | 7.64 |
| | | **889.89** | **968.82** |
| **Financial assets** | | | |
| Investments | 5 | 214.76 | 182.15 |
| Other non current financial assets | 6 | 15.86 | 14.13 |
| Deferred tax assets (net) | 7 | 346.87 | 573.89 |
| Current tax assets (net) | 8 | 95.04 | 192.80 |
| Other non current assets | 9 | 43.69 | 29.96 |
| | | **716.22** | **992.93** |
| **Current assets** | | | |
| Inventories | 10 | 66.84 | 70.82 |
| Financial assets | | | |
| Trade receivables | 11 | 200.30 | 121.86 |
| Cash and cash equivalents | 12(a) | 173.47 | 1,436.31 |
| Bank balances other than cash and cash equivalents | 12(b) | 2,401.00 | - |
| Other current financial assets | 13 | 384.44 | 50.66 |
| Other current assets | 14 | 59.39 | 44.05 |
| | | **3,285.44** | **1,723.70** |
| **Total** | | **4,891.55** | **3,685.45** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 840.00 | 840.00 |
| Other equity | 16 | 1,548.50 | 758.40 |
| | | **2,388.50** | **1,598.40** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 314.33 | 449.52 |
| Long term provisions | 17 | 96.06 | 109.67 |
| | | **410.39** | **559.20** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 135.20 | 122.52 |
| Trade payables | | | |
| Total outstanding dues of micro & small enterprises | 18 | 44.50 | 10.51 |
| Total outstanding dues of creditors other than micro & small enterprises | 18 | 442.04 | 267.07 |
| Other financial liabilities | 19 | 421.39 | 193.28 |
| Other current liabilities | 20 | 116.46 | 101.84 |
| Short term provisions | 21 | 933.07 | 832.63 |
| | | **2,092.65** | **1,527.85** |
| **Total** | | **4,891.55** | **3,685.45** |
| **Summary of significant accounting policies** | 2 | | |
| **The accompanying notes form an integral part of the financial statements** | 1-28 | | |

For and on behalf of the Board

**As per our report attached of even date**
For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Shivendra Kumar**
Director
DIN: 09186323

**Mohit Gupta**
Director
DIN: 01865794

**Harsh Raj Malik**
Company Secretary

**Anil K. Khanna**
Partner
M. No.080434

Date:April 21, 2023
Place: New Delhi

# Statement of Profit and Loss
for the period ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Note | For the period ended March 31, 2023 | For the period ended Mar 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 22 | 4,783.99 | 2,574.91 |
| Other income | 23 | 94.42 | 74.31 |
| **Total income** | | **4,878.41** | **2,649.22** |
| **Expenses** | | | |
| Food and beverages consumed | 24 | 469.13 | 324.32 |
| Employee benefits expense and payment to contractors | 25 | 1,096.80 | 986.59 |
| Finance costs | 26 | 51.48 | 63.04 |
| Depreciation and amortisation expenses | 3&4 | 162.73 | 140.54 |
| Other operating and general expenses | 27 | 2,110.34 | 1,450.89 |
| **Total expenses** | | **3,890.49** | **2,965.39** |
| **Profit/(Loss) before tax** | | 987.93 | (316.17) |
| **Tax expenses:** | | | |
| Current tax | | - | - |
| Short/(excess) of earlier years | | - | - |
| Deferred tax charge/(credit) | 7 (a) | 227.87 | (79.24) |
| **Total taxes** | | **227.87** | **(79.24)** |
| **Profit/(Loss) after tax for the period** | | **760.05** | **(236.93)** |
| **Other comprehensive income/(loss), net of tax** | | | |
| **Item that will not be reclassified to profit or loss** | | | |
| Gain/(loss) on remeasurements of employment benefit obligations | 16 | (3.41) | (15.02) |
| Deferred tax on remeasurements of employment benefit obligations | 16 | 0.86 | 13.96 |
| Change in fair value of equity instruments designated irrevocably as FVTOCI | 16 | 32.60 | 1.49 |
| | | **30.05** | **0.43** |
| **Total other comprehensive income/(loss), net of tax** | | **30.05** | **0.43** |
| **Total comprehensive income/(loss) for the period** | | **790.10** | **(236.51)** |
| **Earnings per equity share:** | | | |
| Basic and diluted | 26 | 9.05 | (2.82) |
| **Summary of significant accounting policies** | 2 | | |
| **The accompanying notes form an integral part of the financial statements** | 1-28 | | |

For and on behalf of the Board

**As per our report attached of even date**
For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Shivendra Kumar**
Director
DIN: 09186323

**Mohit Gupta**
Director
DIN: 01865794

**Harsh Raj Malik**
Company Secretary

**Anil K. Khanna**
Partner
M. No.080434

Date: April 21, 2023
Place: New Delhi

# Statement of Changes in Equity
as at March 31, 2023

## A. Equity Share Capital

### For the Period ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 840.00 | - | 840.00 | - | 840.00 |

### For the Period ended March 31, 2022

(All amounts in ₹ lakh, unless otherwise stated)

| Balance at the beginning of the previous reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the previous reporting period | Changes in equity share capital during the previous year | Balance at the end of the previous reporting period |
|---|---|---|---|---|
| 840.00 | - | 840.00 | - | 840.00 |

## Other Equity

### For the Period ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Reserves and Surplus | | | Equity Instruments through Other Comprehensive Income | Total |
|---|---|---|---|---|---|
| | Capital Reserve | Other Reserves (General Reserve) | Retained Earnings | | |
| Balance at the beginning of the current reporting period | 11.41 | 1,551.75 | (361.86) | (442.89) | 758.40 |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | 11.41 | 1,551.75 | (361.86) | (442.89) | 758.40 |
| **Total Comprehensive Income/(loss) for the Period** | **-** | **-** | **757.50** | **32.60** | **790.10** |
| Dividends | - | - | - | - | - |
| Transfer to retained earnings | - | - | 760.05 | - | 760.05 |
| Any other change (Ind AS - OCI Movements - Net Defined Benefit Plans) | - | - | (2.56) | - | (2.56) |
| Change in fair value of equity instruments designated irrevocably as FVTOCI | - | - | - | 32.60 | 32.60 |
| **Balance at the end of the current reporting period** | **11.41** | **1,551.75** | **395.64** | **(410.29)** | **1,548.50** |

### For the Period ended March 31, 2022

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Reserves and Surplus | | | Equity Instruments through Other Comprehensive Income | Total |
|---|---|---|---|---|---|
| | Capital Reserve | Other Reserves (General Reserve) | Retained Earnings | | |
| Balance at the beginning of the current reporting period | 11.41 | 1,551.75 | (123.87) | (444.38) | 994.91 |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | 11.41 | 1,551.75 | (123.87) | (444.38) | 994.91 |
| **Total Comprehensive Income/(loss) for the Period** | **-** | **-** | **(237.99)** | **1.49** | **(236.51)** |
| Dividends | - | - | (236.93) | - | (236.93) |
| Transfer to retained earnings | - | - | (1.06) | - | (1.06) |
| Any other change (Ind AS- OCI Movements - Net Defined Benefit Plans) | - | - | - | - | - |
| Change in fair value of equity instruments designated irrevocably as FVTOCI | - | - | - | 1.49 | 1.49 |
| **Balance at the end of the current reporting period** | **11.41** | **1,551.75** | **(361.87)** | **(442.89)** | **758.40** |

For and on behalf of the Board

**As per our report attached of even date**
For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Shivendra Kumar**
Director
DIN: 09186323

**Mohit Gupta**
Director
DIN: 01865794

**Harsh Raj Malik**
Company Secretary

**Anil K. Khanna**
Partner
M. No.080434

Date: April 21, 2023
Place: New Delhi

# Cash Flow Statement

for the Period ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Note | For the period ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Cash flow from/(used in) operating activities** | | | |
| **Net profit/(loss) before tax** | | 987.93 | (316.17) |
| Adjustments for: | | | |
| Depreciation and amortisation expenses | | 136.15 | 113.96 |
| Depreciation on Right to use assets | | 26.58 | 26.58 |
| Loss/(profit) on sale of assets | | (0.02) | 0.23 |
| Net bad debts written off/(written back) | | 0.02 | (1.27) |
| Provision for gratuity written back | | (5.43) | |
| Provision for doubtful debts | | 3.30 | |
| Provision for Contingencies | | 100.00 | |
| Interest on lease liability | | 51.48 | 63.04 |
| Interest income | | (85.83) | (70.52) |
| Provision for employee benefits | | (13.17) | 13.53 |
| **Operating profit/(loss) before working capital adjustments** | | **1,201.00** | **(170.61)** |
| Adjustments for working capital: | | | |
| (Increase)/decrease in trade and other receivables | | (238.83) | 28.33 |
| (Increase)/decrease in inventories | | 3.98 | (7.40) |
| (Increase)/decrease in non current assets | | (15.46) | |
| Increase/(decrease) in trade and other payables | | 451.69 | 141.97 |
| **Cash generated from/(used in) operations** | | **1,402.39** | **(7.71)** |
| Add: Income tax refund received | | 153.62 | - |
| Add: Interest on Income tax refund received | | 12.78 | - |
| Less: Income tax paid | | (55.86) | (49.19) |
| **Net cash generated from/(used in) operating activities** | A | **1,512.92** | **(56.90)** |
| **Cash flow from/(used in) investing activities** | | | |
| Purchase of property, plant & equipment | | (84.98) | (91.09) |
| Proceeds from sale of property, plant & equipment | | 1.18 | 0.38 |
| Interest received | | 73.05 | 70.52 |
| Inter corporate deposits placed with related party - Taida Trading Industries Ltd. | | (190.00) | - |
| Inter corporate deposits placed with related party - Ideal Ice ltd. | | (100.00) | - |
| Inter corporate deposits returned from related party - Ideal Ice ltd. | | 100.00 | - |
| Inter corporate deposits returned from related party - Benaras Hotels Ltd. | | - | 550.00 |
| Cash outflow for term deposits with maturity more than 3 months but less than 12 months | | (2,401.00) | - |
| **Net cash generated from/(used in) investing activities** | B | **(2,601.75)** | **529.80** |
| **Cash flow from/(used in) financing activities** | | | |
| Payment of lease liabilities | | (174.00) | (174.00) |
| **Net cash generated from/(used in) financing activities** | C | **(174.00)** | **(174.00)** |
| **Net increase/(decrease) in cash and cash equivalents** | A+B+C | (1,262.83) | 298.91 |
| Add: Cash and cash equivalents at the beginning of the year | | 1,436.31 | 1,137.40 |
| **Cash and cash equivalents at the end of the year** | | **173.47** | **1,436.31** |

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS-7, "Statement of Cash Flows".

2. Figures in bracket indicate cash outflow.

3. Previous year number have been reclassified/regrouped to confirm with current year's presentation, wherever applicable.

For and on behalf of the Board

**As per our report attached of even date**
For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Shivendra Kumar**
Director
DIN: 09186323

**Mohit Gupta**
Director
DIN: 01865794

**Harsh Raj Malik**
Company Secretary

**Anil K. Khanna**
Partner
M. No.080434

Date: April 21, 2023
Place: New Delhi

# Notes to Financial Statements
for year ended March 31, 2023

## Note 1. Corporate Information

United Hotels Limited ("UHL" or the "Company"), is a public limited company incorporated in 1950 and has its registered office at Ambassador, New Delhi, Sujan Singh Park, New Delhi – 110 003. The Company is primarily engaged in the business of Hoteliering and other allied services. The Indian Hotels Company Limited owned 55% of the equity capital of the company and is the holding company.

## Note 2. Significant Accounting Policies

**(a) Statement of Compliance:**

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

**(b) Basis of Preparation and Presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

# Notes to Financial Statements
for year ended March 31, 2023

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined Benefit Plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation ad its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

**(d) Revenue Recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

### Revenue From Operations

**Rooms, Food and Beverage & Banquets:** Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer.

**Space and Shop Rentals:** Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. These contracts for rentals are generally of short term in nature. Revenue is recognised in the period in which services are being rendered.

**Other Allied services:** In relation to the, laundry income, communication income, health club income, airport transfers income and other allied services, the revenue has been recognised by reference to the time of service rendered.

**Membership Fees:** Membership fee income majorly consists of Spa Membership fees Income is earned when the customer enrols for membership programs. In respect of performance obligations satisfied over a period of time, revenue is recognised at the allocated transaction price on a time-proportion basis.

### Interest:

Interest income is accrued on a time proportion basis using the effective interest rate method.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

**(e) Employee Benefits (other than for persons engaged through contractors):**

**i. Provident Fund**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during this period. The contributions as specified under the law are paid to the provident fund authorities.

**ii. Gratuity Fund**

The Company has defined benefit plan for post-retirement benefit in the form Gratuity which is administered through LIC for all employees in hotel payroll. The company's contribution to Defined Benefit Plan is charged to the statement of profit and loss as paid. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date.

**iii. Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

**iv. Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the likely entitlement thereof.

**(f) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(O) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

The estimated useful lives of the depreciable assets are as follows:

| Class of Assets | Estimated Useful Life |
|---|---|
| Plant and Equipment | 10 to 20 years |
| Electrical Installation and Equipment | 20 years |
| Hotel Wooden Furniture | 15 years |
| End User devices – Computers, Laptops etc. | 6 years |
| Assets costing less than ₹ 5000 | 4 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(g) Intangible Assets:**

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets is as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Software and Licences | 6 years |

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**(h) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

### (i) Foreign Currency Translation:

#### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

### (j) Assets taken on Lease:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

### (k) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

### (l) Government Grants

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## (m) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during this period. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### (i) Current Tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### (ii) Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

**(n) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

**(o) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(p) Cash and Cash Equivalent (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**(q) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the period are classified by operating, investing and financing activities.

**(r) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(s) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets/liabilities”.

**(t) Financial Instruments:**

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Debt Instruments at Amortised Cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Equity Investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### Initial Recognition and Measurement

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

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

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

### Financial Liabilities at Fair Value through Profit or Loss

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

### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

### Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

### Derecognition

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

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Accounting Policy for Leases:**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**Lease payments are presented as follows in the Company statement of cash flows:**

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

**Other Amendments on the existing standard but note effective**

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

a) income tax consequences in case of dividends;

b) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;

c) accounting treatment for specific borrowings post capitalisation of corresponding qualifying asset;

d) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;

The above amendments will come into force from April 1, 2019. The company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 3. a) Property, Plant and Equipment

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Plant & equipment | Furniture and fixtures | Office equipments | Total | Capital work in progress |
|---|---|---|---|---|---|
| **Year ended March 31, 2022** | | | | | |
| **Gross carrying amount** | | | | | |
| Opening gross carrying amount as at April 01, 2021 | 1,262.19 | 271.00 | 90.16 | 1,623.35 | - |
| Additions | 83.24 | 4.12 | 3.73 | 91.09 | 91.09 |
| Disposals | (3.52) | (0.12) | - | (3.63) | - |
| Transfer | - | - | - | - | (91.09) |
| **Closing gross carrying amount as at March 31, 2022** | **1,341.91** | **275.01** | **93.88** | **1,710.81** | **-** |
| **Accumulated depreciation** | | | | | |
| Opening accumulated depreciation as at April 01, 2021 | 536.48 | 147.17 | 62.96 | 746.62 | - |
| Depreciation charge during the year | 83.79 | 18.37 | 10.26 | 112.43 | - |
| Adjustment | - | - | - | - | - |
| Disposals | (2.97) | (0.06) | - | (3.03) | - |
| **Closing accumulated depreciation as at March 31, 2022** | **617.31** | **165.48** | **73.23** | **856.02** | **-** |
| **Net carrying amount as at March 31, 2022** | **724.61** | **109.52** | **20.66** | **854.79** | **-** |

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Plant & equipment | Furniture and fixtures | Office equipments | Total | Capital work in progress |
|---|---|---|---|---|---|
| **Period ended March 31, 2023** | | | | | |
| **Gross carrying amount** | | | | | |
| Opening gross carrying amount as at April 01, 2022 | 1,341.91 | 275.01 | 93.88 | 1,710.81 | - |
| Additions | 56.70 | 16.74 | 11.54 | 84.98 | 84.98 |
| Disposals | (7.14) | (0.55) | (0.04) | (7.73) | - |
| Transfer | - | - | - | - | (84.98) |
| **Closing gross carrying amount as at March 31, 2023** | **1,391.48** | **291.20** | **105.38** | **1,788.06** | **-** |
| Accumulated depreciation | | | | | |
| Opening accumulated depreciation as at April 01, 2022 | 617.31 | 165.48 | 73.23 | 856.02 | |
| Depreciation charge during the year | 101.03 | 24.33 | 9.54 | 134.91 | |
| Adjustment | | | | - | |
| Disposals | (6.01) | (0.52) | (0.04) | (6.57) | |
| **Closing gross carrying amount as at March 31, 2023** | **712.34** | **189.29** | **82.73** | **984.35** | **-** |
| **Net carrying amount as at March 31,2023** | **679.14** | **101.92** | **22.65** | **803.71** | **-** |

## Capital work in progress ageing for the year ended March 31, 2022

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Capital work in progress ageing for the period ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

Note: The Company procures certain fixed assets which are initially recorded as Capital Work in Progress (CWIP). These assets take 2-3 days to install and post the installation the entire CWIP balance is transferred to specific asset head.

## 3. b) Right to use assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Building | Total |
|---|---|---|
| **Year ended March 31, 2022** | | |
| **Gross carrying amount** | | |
| Opening gross carrying amount as at April 01, 2021 | 186.13 | 186.13 |
| Additions on acquisition | - | - |
| Additions | - | - |
| Deduction for the year | - | - |
| Adjustments | - | - |
| **Closing gross carrying amount as at March 31, 2022** | **186.13** | **186.13** |
| **Accumulated depreciation** | | |
| Opening accumulated depreciation as at April 01, 2021 | 53.16 | 53.16 |
| Depreciation charge during the year | 26.58 | 26.58 |
| Disposals | - | - |
| **Closing accumulated depreciation as at March 31, 2022** | **79.74** | **79.74** |
| **Net carrying amount as at March 31, 2022** | **106.39** | **106.39** |

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Building | Total |
|---|---|---|
| **Period ended March 31, 2023** | | |
| **Gross carrying amount** | | |
| Opening gross carrying amount as at April 01, 2022 | 186.13 | 186.13 |
| Additions on acquisition | - | - |
| Additions | - | - |
| Deduction for the year | - | - |
| Adjustments | - | - |
| **Closing gross carrying amount as at March 31, 2023** | **186.13** | **186.13** |
| **Accumulated depreciation** | | |
| Opening accumulated depreciation as at April 01, 2022 | 79.74 | 79.74 |
| Depreciation charge during the year | 26.58 | 26.58 |
| Disposals | - | - |
| **Closing gross carrying amount as at March 31, 2023** | **106.32** | **106.32** |
| **Net carrying amount as at March 31, 2023** | **79.81** | **79.81** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 4. Intangible Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Software |
|---|---|
| **Year ended March 31, 2022** | |
| **Gross carrying amount** | |
| Opening gross carrying amount as at April 01, 2021 | 38.43 |
| Additions | - |
| Disposals | - |
| Adjustments | - |
| **Closing gross carrying amount as at March 31, 2022** | **38.43** |
| **Amortisation** | |
| Opening accumulated depreciation as at April 01, 2021 | 29.26 |
| Amortisation charge during the year | 1.53 |
| Disposals | - |
| **Closing accumalated depreciation as at March 31, 2022** | **30.79** |
| **Net carrying amount as at March 31, 2022** | **7.64** |

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Software |
|---|---|
| **Period ended March 31, 2023** | |
| **Gross carrying amount** | |
| Opening gross carrying amount as at April 01, 2022 | 38.43 |
| Additions | - |
| Disposals | - |
| Adjustments | - |
| **Closing gross carrying amount as at March 31, 2023** | **38.43** |
| **Amortisation** | |
| Opening accumulated depreciation as at April 01, 2022 | 30.79 |
| Amortisation charge during the year | 1.27 |
| Disposals | - |
| **Closing accumalated depreciation as at March 31, 2023** | **32.06** |
| **Net carrying amount as at March 31, 2023** | **6.36** |

Note:

Software includes Customer Reservation System and other licensed software.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 5. Investments

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Face Value | FY2022-23 | | FY2021-22 | |
|---|---|---|---|---|---|
| | | Holding as at March 31, 2023 (nos.) | Amount | Holding as at March 31, 2022 (nos.) | Amount |
| Investment at fair value through OCI (Fully paid): | | | | | |
| Fully paid unquoted equity instruments | | | | | |
| Taj Air Limited | 10/- | 62,50,000.00 | 213.75 | 62,50,000.00 | 181.25 |
| Fully paid quoted equity investments | | | | | |
| Graviss Hospitality Limited (BSE Code: 50954) | 2/- | 4,500.00 | 1.01 | 4,500.00 | 0.90 |
| **Total** | | | **214.76** | | **182.15** |
| Notes: | | | | | |
| Aggregate of unquoted investments - gross | Cost | | 625.00 | | 625.00 |
| Aggregate of quoted investments - gross | Cost | | 0.05 | | 0.05 |
| | Market value | | 1.01 | | 0.90 |

Note: As per the communication received from the holding company, the fair value of equity shares, as at March 31, 2023, in Taj Air Limited has been taken as ₹ 3.42 per equity share.

## 6. Other Non Current Financial Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deposits with public bodies and others:** | | |
| Related parties | - | - |
| Public bodies and others | 15.86 | 14.13 |
| **Total** | **15.86** | **14.13** |

## 7. Deferred Tax Assets (net)

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred Tax assets | 402.16 | 642.78 |
| Deferred Tax liabilities | 55.28 | 68.90 |
| **Deferred tax assets (net)** | **346.87** | **573.89** |

The following is the analysis of deferred tax assets/(liabilities) presented in the financial statements

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 7 (a) For FY2022-23

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2022 | (Charge)/credit to other comprehensive income | Recognised in Statement of profit and loss | As at March 31, 2023 |
|---|---|---|---|---|
| **Deferred tax assets:** | | | | |
| Provision for doubtful debts | 3.87 | - | 0.32 | 4.19 |
| Provision for employee benefits | 34.67 | 0.86 | (11.63) | 23.90 |
| Provision for contingencies | 207.64 | - | 25.17 | 232.80 |
| IndAS - 116 lease liabilities | 143.97 | - | (30.84) | 113.14 |
| Brought forward business losses | 194.93 | - | (194.93) | - |
| Carry forward of unabsorbed depreciation | 57.71 | - | (29.58) | 28.13 |
| | **642.78** | **0.86** | **(241.49)** | **402.16** |
| **Deferred tax liabilities:** | | | | |
| IndAS - 116 Right to Use Assets | 26.78 | - | (6.69) | 20.09 |
| Depreciation & amortisation on property, plant & equipment and intangible assets | 42.12 | - | (6.92) | 35.20 |
| **Total** | **573.89** | **0.86** | **(227.87)** | **346.87** |

## For FY2021-22

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2021 | (Charge)/credit to other comprehensive income | Recognised in Statement of profit and loss | As at March 31, 2022 |
|---|---|---|---|---|
| **Deferred tax assets:** | | | | |
| Provision for doubtful debts | 4.19 | - | 0.32 | 3.87 |
| Provision for employee benefits | 13.74 | 13.96 | (6.97) | 34.67 |
| Provision for contingencies | 182.47 | - | (25.17) | 207.64 |
| IndAS - 116 lease liabilities | 171.90 | - | 27.93 | 143.97 |
| Brought forward business losses | 155.01 | - | (39.92) | 194.93 |
| Carry forward of unabsorbed depreciation | 29.88 | - | (27.83) | 57.71 |
| | **557.19** | **13.96** | **(71.64)** | **642.78** |
| **Deferred tax liabilities:** | | | | |
| IndAS - 116 Right to Use Assets | 33.47 | - | 6.69 | 26.78 |
| Depreciation & amortisation on property, plant & equipment and intangible assets | 43.03 | - | 0.91 | 42.12 |
| **Total** | **480.69** | **13.96** | **(79.24)** | **573.89** |

## 8. Current Tax Assets (net)

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | 192.80 | 143.61 |
| Add: Income Tax paid | 55.86 | 49.19 |
| Less: Income tax refund received | (153.62) | - |
| **Closing balance** | **95.04** | **192.80** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 9. Other Non Current Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital advances | 20.04 | 6.32 |
| Export Incentive (SEIS) Receivable | 23.64 | 23.64 |
| **Total** | **43.69** | **29.96** |

## 10. Inventories (at lower of cost or net realisable value)

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Food and beverages | 38.35 | 45.96 |
| Stores and operating supplies | 28.49 | 24.87 |
| **Total** | **66.84** | **70.82** |

## 11. Trade Receivables

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured:** | | |
| Considered good | 200.30 | 121.86 |
| Credit impaired | 16.62 | 15.37 |
| Which have significant increase in credit risk | - | - |
| | **216.92** | **137.23** |
| Less: Allowance for credit impaired | (16.62) | (15.37) |
| **Total** | **200.30** | **121.86** |

## Allowance for credit impaired

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | 15.37 | 16.64 |
| Add: Allowance for the period | 3.32 | 2.14 |
| | **18.69** | **18.78** |
| Less: Allowance reversed due to bad debts written off | (2.05) | (3.41) |
| Less: Allowance reversed due to bad debts made good | (0.02) | - |
| **Total** | **16.62** | **15.37** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Trade receivables ageing schedule as at March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Unbilled* | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade receivables** | | | | | | | |
| - considered good | 23.89 | 163.60 | 12.80 | - | - | - | 200.30 |
| - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| - credit impaired | - | - | - | 3.22 | 0.61 | 12.79 | 16.62 |
| **Disputed Trade Receivables** | | | | | | | |
| - considered good | - | - | - | - | - | - | - |
| - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| - credit impaired | - | - | - | - | - | - | - |
| **Gross Total** | **23.89** | **163.60** | **12.80** | **3.22** | **0.61** | **12.79** | **216.92** |
| Less: Allowance for credit impaired | - | - | - | (3.22) | (0.61) | (12.79) | (16.62) |
| **Net Total** | **23.89** | **163.60** | **12.80** | **-** | **-** | **-** | **200.30** |

*Note:-These Unbilled dues are to be received from the guest staying at the hotel as on 31st March 2023

## Trade Receivables ageing schedule as at March 31, 2022

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Unbilled* | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months – 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade receivables** | | - | - | - | - | - | |
| - considered good | 32.75 | 86.37 | 2.73 | - | - | - | 121.86 |
| - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| - credit impaired | - | - | - | 2.68 | 0.69 | 12.01 | 15.37 |
| **Disputed Trade Receivables** | | | | | | | |
| - considered good | - | - | - | - | - | - | - |
| - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| - credit impaired | | - | - | - | - | - | - |
| **Gross Total** | **32.75** | **86.37** | **2.73** | **2.68** | **0.69** | **12.01** | **137.23** |
| Less: Allowance for credit impaired | - | - | | (2.68) | (0.69) | (12.01) | (15.37) |
| **Net Total** | **32.75** | **86.37** | **2.73** | **-** | **-** | **-** | **121.86** |

*Note:-These Unbilled dues are to be received from the guest staying at the hotel as on 31st March 2022

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 12. Financial Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Cash and cash equivalents** | | |
| Cash in hand | 2.05 | 2.05 |
| Term deposits with banks having maturity of less than 3 months | - | 1,300.00 |
| Balance with bank in current accounts | 171.42 | 134.26 |
| | **173.47** | **1,436.31** |
| **(b) Bank balances other than cash and cash equivalents** | | |
| Term deposits with maturity of more than 3 months but less than 12 months | 2,401.00 | - |
| | **2,401.00** | **-** |

## 13. Other Current Financial Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deposit with public bodies and others** | 0.75 | 0.55 |
| **Deposit with realted parties** | | |
| Taida Trading and Industries Limited | 190.00 | - |
| **Deposit with Banks (Note 1)** | 21.80 | 20.96 |
| **Other advances:** | | |
| Considered good | 11.67 | 1.30 |
| Considered doubtful | - | - |
| | **11.67** | **1.30** |
| **Interest receivable:** | | |
| Related parties | - | - |
| Others | 13.47 | 6.62 |
| | **13.47** | **6.62** |
| **On current account dues:** | | |
| Related parties | 146.75 | 21.23 |
| Others | - | - |
| | **146.75** | **21.23** |
| **Total** | **384.44** | **50.66** |

Note 1: Term deposit with banks with maturity of 12 months pledged with Sales Tax Authorities

## 14. Other Current Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid expenses | 46.87 | 32.73 |
| Indirect tax recoverable | - | 6.22 |
| Advance to suppliers | 11.80 | 3.14 |
| Advance to employees | 0.72 | 1.95 |
| **Total** | **59.39** | **44.05** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 15. Share Capital

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised Shares:** | | |
| 1,00,00,000 equity shares (Previous year 1,00,00,000 equity shares) of ₹ 10/- each. | 1,000 | 1,000 |
| **Issued, subscribed and paid-up shares:** | | |
| 84,00,000 equity shares (previous year 84,00,000 equity shares) of ₹ 10/- each, | 840 | 840 |
| **Total** | **840** | **840** |

### a) Reconciliation of equity shares outstanding at the beginning and at the end of the period.

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | No. of Shares | As at March 31, 2023 | No. of Shares | As at March 31, 2022 |
|---|---|---|---|---|
| As at the beginning of the year | 84,00,000 | 840 | 84,00,000 | 840 |
| Add: Shares issued during the year | - | - | - | - |
| **As at the end of the year** | **84,00,000** | **840** | **84,00,000** | **840** |

### b) Rights, preferences and restrictions attached to Shares

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the apporval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholder are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shareholders holding more than 5% Equity Shares in the Company

| Shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % holding | No. of Shares | % holding |
| The Indian Hotels Company Limited | 46,20,000.00 | 55.00% | 46,20,000.00 | 55.00% |
| Mr. Narinder Kumar | 7,86,240.00 | 9.36% | 7,86,240.00 | 9.36% |
| Mr. Pawan Pershad | - | - | 6,51,840.00 | 7.76% |
| Mr. Shivendra Kumar | 6,51,840.00 | 7.76% | 6,51,840.00 | 7.76% |
| Mrs. Veena Khanna | 6,51,840.00 | 7.76% | 6,51,840.00 | 7.76% |
| Mr. Virender Kumar | 6,51,840.00 | 7.76% | 6,51,840.00 | 7.76% |
| **TOTAL** | **73,61,760.00** | **87.64%** | **80,13,600.00** | **95.40%** |

The below mentioned Note 1,2,3 and 4 are related to shareholding pattern as at March 31, 2023:

Note 1. 1% of the paid up shareholding (84,000 shares) is held by Mr. Maharwal Mahipal Singh Ji. He is not a promoter of the company

Note 2. 3.88% of the paid up shareholding (325,920 shares) is held by Ms. Devyani Pershad. She is not a promoter of the company

Note 3. 3.88% of the paid up shareholding (325,920 shares) is held by Mr. Karan Pershad. He is not a promoter of the company

Note 4. 3.60% of the paid up shareholding (302,400 shares) is held by New Delhi Hotels Ltd (Promoter Company)

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### d) Details of shares held by Promoters

| Promoter | As at March 31, 2023 | | As at March 31, 2022 | | % change during the year |
|---|---|---|---|---|---|
| | No. of shares | % of Total shares | No. of shares | % of Total shares | |
| The Indian Hotels Company Limited | 46,20,000.00 | 55.00% | 46,20,000.00 | 55.00% | - |
| Mr. Narinder Kumar | 7,86,240.00 | 9.36% | 7,86,240.00 | 9.36% | - |
| Mr. Pawan Pershad (Note 1) | - | - | 6,51,840.00 | 7.76% | (100.00%) |
| Mrs. Veena Khanna | 6,51,840.00 | 7.76% | 6,51,840.00 | 7.76% | - |
| Mr. Virender Kumar | 6,51,840.00 | 7.76% | 6,51,840.00 | 7.76% | - |
| New Delhi Hotels Ltd. | 3,02,400.00 | 3.60% | 3,02,400.00 | 3.60% | - |
| **Total** | **70,12,320.00** | **83.48%** | **76,64,160.00** | **91.24%** | |

Note 1. Of the 6,51,840 shares held by Mr. Pawan Pershad, 3,25,920 shares have been transferred to Ms. Devyani Pershad and the remaining 3,25,920 shares have been transferred to Mr. Karan Pershad vide entry dated August 5, 2022 in the transmission register (maintained with NDML) of United Hotels Limited.

As a result of the shares transfer mentioned above, Mr. Pawan Pershad is not a promoter of the company as on March 31, 2023. Form PAS-6 ''Reconciliation of Share Capital Audit Report' for April to September 2022 for the said shares transfer was filed with the Register of Companies on November 11, 2022.

## 16. Other Equity

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Capital reserve** | | |
| Opening and closing balance | 11.41 | 11.41 |
| **General reserve** | | |
| Opening balance | 1,551.75 | 1,551.75 |
| Add: Transferred from surplus in Statement of Profit and Loss | - | - |
| **Closing balance** | **1,551.75** | **1,551.75** |
| **Retained earnings** | | |
| Opening balance | (361.86) | (361.86) |
| Add: Net profit/(loss) for the period | 760.05 | 760.05 |
| Less: Ind AS- OCI movements - Net defined benefit plans | 3.41 | 3.41 |
| Less: Ind AS- OCI movements - Tax on net defined benefit plans | (0.86) | (0.86) |
| **Closing balance** | **395.64** | **395.64** |
| **Other reserves** | | |
| **Fair Value through OCI - Equity instruments** | | |
| **Opening balance** | (442.89) | (442.89) |
| Add: Change in fair value of equity instruments designated irrevocably as FVTOCI | 32.60 | 32.60 |
| **Closing balance** | **(410.29)** | **(410.29)** |
| **Total** | **1,548.50** | **1,548.50** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 17. Long Term Provisions

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Employee benefit obligations:** | | |
| Compensated absences | 43.91 | 45.25 |
| Gratuity | 52.15 | 64.43 |
| **Total** | **96.06** | **109.67** |

## 18. Trade Payables

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Total outstanding dues of micro and small enterprises:** | | |
| - Related parties | - | - |
| - Others | 44.50 | 10.51 |
| **Total outstanding dues of creditors other than micro and small enterprises:** | | |
| - Related parties | 275.38 | 107.12 |
| - Others | 34.23 | 65.76 |
| Accured expenses and others | 132.43 | 94.19 |
| **Total** | **486.53** | **277.58** |

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by Management. Disclosure are relating to Micro and Small Enterprises are as under:-

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) The principal amount remaining unpaid to suppliers as at the end of accounting year | 44.50 | 10.51 |
| (b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year | - | - |
| (c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year. | - | - |
| (d) The amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | - | - |
| (e) The amount of interest accured during the year and remaining unpaid at the end of accounting year | - | - |
| (f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |
| **Total** | **44.50** | **10.51** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Trade payables ageing schedule as at March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Accrued expenses and others | Not Due | Outstanding for following period from the due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME* | - | 44.50 | - | - | - | - | 44.50 |
| Others | 132.43 | 309.61 | - | - | - | - | 442.04 |
| Disputed dues - MSME* | - | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **132.43** | **354.10** | **-** | **-** | **-** | **-** | **486.53** |

*Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

### Trade payables ageing schedule as at March 31, 2022

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Accrued expenses and others | Not Due | Outstanding for following period from the due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME* | - | 10.51 | - | - | - | - | 10.51 |
| Others | 94.19 | 172.87 | - | - | - | - | 267.07 |
| Disputed dues - MSME* | - | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **94.19** | **183.38** | **-** | **-** | **-** | **-** | **277.58** |

*Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

## 19. Other Financial Liabilities

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **On current account dues:** | | |
| - Holding Company | 129.99 | 18.46 |
| - Fellow subsidiaries | - | 0.46 |
| - Others | 57.68 | 0.55 |
| | **187.67** | **19.47** |
| Deposit from customer | 38.59 | 31.68 |
| Creditors for capital goods & services | 12.03 | 11.00 |
| Employee related liabilities | 179.20 | 126.57 |
| Other liabilities | 3.91 | 4.57 |
| **Total** | **421.39** | **193.28** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 20. Other Current Liabilities

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance collected from customers | 70.84 | 51.92 |
| Statutory Dues | 41.60 | 49.92 |
| Income received in advance | 4.03 | - |
| **Total** | **116.46** | **101.84** |

## 21. Short Term Provisions

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Employee benefit obligation: | | |
| - Compensated absences | 8.07 | 7.63 |
| Provisions - others | | |
| - Provision for contingencies* | 925.00 | 825.00 |
| **Total** | **933.07** | **832.63** |

*Provision for Contingencies

(All amounts in I lakh, unless otherwise stated)

| Particulars | As at March 31, 2022 | Addition /(Deletion) | As at March 31, 2023 |
|---|---|---|---|
| Legal and statutory matters | 825.00 | 100.00 | 925.00 |

## 22. Revenue From Operations

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Rooms income | 2,474.84 | 1,194.07 |
| Food, restaurants and banquet income | 2,154.48 | 1,240.15 |
| Shop rental | 13.89 | 11.20 |
| Other operating income | 140.79 | 129.49 |
| **Total** | **4,783.99** | **2,574.91** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 23. Other Income

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| **Interest income** | | |
| - Inter-corporate deposits | 2.06 | 28.75 |
| - Fixed deposits with banks | 70.99 | 41.76 |
| Interest on Income Tax Refunds | 12.78 | - |
| | **85.83** | **70.52** |
| Profit on sale of fixed assets | 0.02 | 0.31 |
| Others | 1.07 | 0.07 |
| Provision & liabilities no longer required, written back | 7.50 | 3.41 |
| **Total** | **94.42** | **74.31** |

## 24. Food and Beverages Consumed

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Opening Stock | 70.82 | 63.43 |
| Add: Purchases* | 465.15 | 331.72 |
| | **535.97** | **395.15** |
| Less: Closing Stock | (66.84) | 70.82 |
| **Food and beverages consumed** | **469.13** | **324.32** |

*Purchase cost of food and beverages is after adjusting sale of empties

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Sale of empties | 4.13 | 4.38 |

## 25. Employee Benefits Expense and Payment to Contractors

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Salaries, wages, bonus | 759.49 | 608.23 |
| Company's contribution to provident and other funds | 51.08 | 55.03 |
| Reimbursement of expenses on personnel deputed to the company | 97.64 | 195.42 |
| Payment to contractors | 26.49 | 22.28 |
| Staff welfare expenses | 162.11 | 105.62 |
| **Total** | **1,096.80** | **986.59** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

The Company has recognised the following amount under the head "Company's contribution to provident fund and other funds":

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Provident fund | 29.67 | 23.72 |
| Pension fund | 19.39 | 17.77 |
| Gratuity fund | - | 13.53 |
| ESI | 2.02 | 1.55 |
| **Total** | **51.08** | **56.58** |

## 26. Finance Cost

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Interest on lease liability | 51.48 | 63.04 |
| **Total** | **51.48** | **63.04** |

## 27. Other Operating and General Expenses

### i. Operating expenses consist of the following

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Linen and room supplies | 60.56 | 34.72 |
| Catering supplies | 67.44 | 43.14 |
| Other supplies | 0.58 | 0.84 |
| Fuel, power & light | 284.25 | 218.30 |
| Repairs to buildings | 196.47 | 126.82 |
| Repairs to machinery | 119.48 | 104.23 |
| Repairs to others | 33.19 | 19.13 |
| Linen and uniform washing and laundry expenses | 34.86 | 28.24 |
| Payment to orchestra staff and artistes and others | 7.99 | 1.20 |
| Security Charges | 49.93 | 35.74 |
| Guest transportation | 6.11 | 0.34 |
| Travel agent's commission | 137.90 | 56.10 |
| Credit/debit card commission | 43.15 | 22.40 |
| Other operating expenses | 136.36 | 47.78 |
| **Total** | **1,178.26** | **738.99** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## ii. General expenses consist of the following:

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Rent | 12.93 | 29.73 |
| Lease & license fees | - | 0.85 |
| Rates & taxes | 236.65 | 218.98 |
| Insurance | 18.24 | 19.37 |
| Advertising & publicity | 187.49 | 102.90 |
| Printing & stationery | 12.17 | 9.31 |
| Passage & traveling | 1.63 | 0.87 |
| Bad debts written off | 2.05 | 3.31 |
| Provision for doubtful debts | 3.30 | 2.14 |
| Professional fees | 46.83 | 54.73 |
| Support services | 15.67 | 20.47 |
| Expenditure on Corporate Social Responsibility | - | 1.34 |
| Loss on sale of fixed assets | - | 0.54 |
| Operating/management fees | 235.85 | 137.06 |
| Central Reservation System/Customer Information System | 91.49 | 49.13 |
| Other expenses | 63.71 | 58.89 |
| Auditor remuneration (Refer footnote ii below) | 4.08 | 2.30 |
| **Total** | **932.08** | **711.91** |
| **Grand Total (i+ii)** | **2,110.34** | **1,450.89** |

Footnotes:

## i. Expenses recovered from other parties adjusted in the Note No 27 :-

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Fuel, Power and Light | 5.50 | 4.70 |
| Rent | 1.03 | 1.39 |
| **Total** | **6.52** | **6.08** |

## ii. Payment Made to Statutory Auditors :-

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Statutory Audit | 3.43 | 2.10 |
| Tax Audit | 0.65 | 0.20 |
| **Total** | **4.08** | **2.30** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 28 (a). Income Tax Expenses

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| **Income tax expense** | | |
| Current tax | | |
| Current tax on profit/(loss) for the year | - | - |
| Adjustments for current tax of prior periods on completion of assessment | - | - |
| **Total current tax expense** | **-** | **-** |
| **Deferred tax** | | |
| Decrease/(increase) in deferred tax assets (net) | 227.87 | (79.24) |
| (Decrease)/increase in deferred tax liabilities | - | - |
| **Total deferred tax expense / (benefit)** | **227.87** | **(79.24)** |
| **Net Income tax expense** | **227.87** | **(79.24)** |

## 28 (b). Reconciliation of Tax Expense and the Accounting Profit Multiplied by India's Tax Rate

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| **Profit/(Loss) Before Tax** | 987.93 | (316.17) |
| Tax rate | 25.168% | 25.168% |
| **Tax calculated at tax rate of 25.168%** | 248.64 | (79.57) |
| Effect of income that is exempt from taxation (like dividend income) | | |
| Income considered as capital in nature under tax and tax provisions | | |
| Deferred tax asset not recognised in statement of profit & loss | | 0.34 |
| Impact of unabsorbed brought forward losses | (20.65) | |
| Others | (0.12) | - |
| **Income tax expense** | **227.87** | **(79.24)** |

## 29. Earning Per Equity Share

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Profit/(loss) after tax | 760.05 | (236.93) |
| No. of equity shares | 84,00,000 | 84,00,000 |
| **Basic and diluted EPS** | **9.05** | **(2.82)** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 30. Employee Benefits

The company has taken group gratuity scheme with Life Insurance Corporation (LIC Ultimate (94-96) ) and annual contributions are made to the fund administrated by Life Insurance Corporation. Every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service or retirement , whichever is earlier. The benefit vests after five years of continuous service.

### Relevant information is disclosed below :-

(All amounts in ₹ lakh, unless otherwise stated)

| | Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|---|
| **(i)** | **Amount to be recognised in Balance Sheet and movement in net liability** | | |
| | Present Value of Funded obligation | 166.64 | 167.81 |
| | Fair Value of Plan Assets | 114.49 | 103.39 |
| | **Net (Assets)/Liability** | **52.15** | **64.43** |
| **(ii)** | **Expense recognised in Statement of Profit & Loss** | | |
| | Current service cost | 12.93 | 11.78 |
| | Past service cost | - | - |
| | Interest cost | 3.70 | 1.76 |
| | Expected return on plan assets | - | - |
| | (Gains)/ losses on settlement | - | - |
| | **Total** | **16.63** | **13.53** |
| **(iii)** | **Expense recognised in Other Comprehensive Income** | | |
| | Opening amount recognized in OCI outside P&L account | 55.46 | 40.44 |
| | **Remeasurements due to:** | | |
| | Changes in financial assumptions | (7.90) | - |
| | Changes in demographic assumptions | - | - |
| | Experience adjustments | 12.20 | 5.21 |
| | Actual return on plan assets less interest on plan assets | (0.89) | 9.81 |
| | Adjustment to recognise the effect of asset ceiling | - | - |
| | **Total** | **58.88** | **55.46** |
| **(iv)** | **Reconciliation of Defined Benefit Obligation :** | | |
| | Opening Defined Benefit Obligation | 167.81 | 158.70 |
| | Additions due to acquisitions | | |
| | Current service cost | 12.93 | 11.78 |
| | Past service cost | - | - |
| | Interest cost | 10.68 | 9.76 |
| | Contribution by plan participants | - | - |
| | **Remeasurements due to actuarial loss/ (gain) arising from** | | |
| | Changes in financial assumptions | (7.90) | - |
| | Changes in demographic assumptions | - | - |
| | Experience adjustments | 12.20 | 5.21 |
| | Actual return on plan assets less interest on plan assets | | |
| | Adjustment to recognise the effect of asset ceiling | | |
| | Benefits Paid | (29.08) | (17.63) |
| | Liabilities assumed/ (settled)* | - | - |
| | Liabilities extinguished on Settlements | - | - |
| | **Closing Defined Benefit Obligation** | **166.64** | **167.81** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| **(v) Reconciliation of Fair Value of Plan Assets** | | |
| Opening of Fair Value of Plan Assets | 103.39 | 122.82 |
| Employer contributions | 32.32 | - |
| Interest on plan assets | 6.97 | 8.00 |
| **Remeasurements due to:** | | |
| Actual return on plan assets less interest on plan assets | 0.89 | (9.81) |
| Contribution by Employer | - | - |
| Contribution by plan participants | - | - |
| Benefits Paid | (29.08) | (17.63) |
| Assets acquired/ (settled)* | - | - |
| Assets distributed on Settlements | - | - |
| **Closing of Fair Value of Plan Assets** | **114.49** | **103.39** |
| Expected Employer's contribution next year | | |
| * On account of business combination or intra group transfer | | |
| **Acturial Assumptions** | | |
| Discount rate(p.a.) in % | 7.45% | 6.80% |
| Salary Escalation rate (p.a.) in % | 4.00% | 4.00% |

## Disaggregation of Plan Assets

(All amounts in ₹ lakh, unless otherwise stated)

| Name of the fund | For the period ended March 31, 2023 | | For the period ended March 31, 2022 | |
|---|---|---|---|---|
| | Unquoted | % | Unquoted | % |
| LIC Ultimate policy | 114.49 | 100% | 103.39 | 100% |
| **Total** | **114.49** | **100%** | **103.39** | **100%** |

## Sensitivity Analysis

| Particulars | For the period ended March 31, 2023 | | For the period ended March 31, 2022 | |
|---|---|---|---|---|
| | Discount rate | Salary Escalation rate | Discount rate | Salary Escalation rate |
| Retiring Gratuity Benefit Plan | 7.45% | 4.00% | 6.80% | 4.00% |
| Impact of increase in 50 bps on Defined Benefit Obligation | (3.40%) | 3.72% | (3.62%) | 3.93% |
| Impact of decrease in 50 bps on Defined Benefit Obligation | 3.61% | (3.53%) | 3.85% | (3.73%) |

## 31. C.I.F. Value of Imports

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Stores, Supplies and Spare Parts for Machinery | - | - |
| Capital Goods | - | - |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Expenses in Foreign Exchange

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Advertising | 0.62 | 1.37 |
| Professional and Consultancy Fees | 5.90 | 4.08 |
| Membership Fees | 1.21 | 2.24 |
| Others | 82.87 | 50.84 |

### Earnings in foreign Exchange

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Rooms, Restaurants, Banquets and Other operating Income | 1,130.70 | 148.49 |

The Earnings in foreign exchange, as reported above, are on the basis of actual receipts during the year, as certified by the Management

## 32. Capital Commitments

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for. | - | - |

## 33. Contingent Liabilities

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| Property Tax (Note 1) | 1,553.43 | 1,408.10 |
| Income Tax (Note 2) | 121.60 | 192.48 |
| **Total** | **1,675.03** | **1,600.58** |

Note 1: The property tax demand for various years aggregating to ₹ 2,478.43 Lakhs had been raised in respect of the hotel up to 31st March, 2023 under the NDMC Bye Laws 2009. While admitted tax was paid for each year, the demand raised post 2010 till 31st March 2015 was under challenge along with NDMC Bye Laws 2009. The Hon'ble Supreme Court vide its Order dated 22nd January, 2019 has declared the NDMC Bye Laws, pursuant to which the property tax demand for all these years was raised, as ultra vires the NDMC Act and hence quashed. The Company has, however, decided to continue with a provision of ₹ 925 lakhs provided in the books up to 31st March, 2023 as the assessment of property tax post 2010 consequent to the quashing of the NDMC Bye Laws 2009 is yet to be finalized.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

Note 2: In respect of income tax matters, appeals have been filed by the Income Tax Dept against Orders in favour of the company ; summary given below:

| Particulars | Amount (₹ Lakh) | Forum where dispute is pending |
|---|---|---|
| **A.Y.-2018-19**<br>Assessing officer has disallowed some of the expenses i.e Lease rent and repairs to Building, simply on the ground that department's appeal on these issues is pending with ITAT. These issues have since been settled in the favour of the company. | 121.60 | CIT(A) |

## Note 34 (a) : Total lease liabilities are analysed as follows:

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current lease liabilities | 135.20 | 122.52 |
| Non Current lease liabilities | 314.33 | 449.52 |
| **Total** | **449.52** | **572.04** |

## Note 34 (b). Amount recognised in Statement of Profit and Loss

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| The following amount were recognised as expense in the year: | | |
| Depreciation of right-of-use assets | 26.58 | 26.58 |
| Expense relating to lease payment | (174.00) | (174.00) |
| Interest on lease liabilities | 51.48 | 63.04 |
| **Total recognised in the Statement of Profit and Loss** | **(95.94)** | **(84.38)** |

## Note 34 (c). Exposure to future cash flows

As at 31st March 2023, the company was committed to future cash outflows of ₹ 522.00 lakh relating to leases that have not yet commenced these will be recorded as a lease liability when the leased assets are available for use by the company.

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management and could in reality be different from expectations:

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Maturity analysis:** | | |
| Less than 1 Year | 174.00 | 174.00 |
| Later than 1 year but not later than 5 years | 348.00 | 522.00 |
| **Total** | **522.00** | **696.00** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 35. Financial Instruments (Ind AS 109)

### (a). Financial Assets & Liabilities

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | FVOCI | Amortised cost | Total | FVOCI | Amortised cost | Total |
| **Financial assets:** | | | | | | |
| Investments | | | | | | |
| Equity Investment | | | | | | |
| External Companies | 1.01 | - | 1.01 | 0.90 | - | 0.90 |
| Trade Receivables | - | 200.30 | 200.30 | - | 121.86 | 121.86 |
| Cash and cash equivalents | - | 2,574.47 | 2,574.47 | - | 1,436.31 | 1,436.31 |
| Other financial assets* | - | 400.31 | 400.31 | - | 64.79 | 64.79 |
| **Total - Financial Assets** | **1.01** | **3,175.08** | **3,176.09** | **0.90** | **1,622.95** | **1,623.85** |
| **Financial liabilities:** | | | | | | |
| Trade Payables including capital creditors | - | 502.47 | 502.47 | - | 293.14 | 293.14 |
| Lease liabilities | - | 449.52 | 449.52 | - | 572.04 | 572.04 |
| Deposits | - | 38.59 | 38.59 | - | 31.68 | 31.68 |
| Other financial liabilities | - | 366.86 | 366.86 | - | 146.04 | 146.04 |
| **Total - Financial Liabilities** | **-** | **1,357.45** | **1,357.45** | **-** | **1,042.90** | **1,042.90** |

### (b). Fair value of Financial instruments on a recurring basis:

| Particulars | As at March 31, 2023 | | | Total | As at March 31, 2022 | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| **Financial assets:** | | | | | | | | |
| Equity shares | | | | | | | | |
| Listed equity investment | | | | | | | | |
| - Graviss Hospitality Limited (BSE Code: 50954) | 1.01 | - | - | 1.01 | 0.90 | - | - | 0.90 |
| Unquoted equity investment | | | | | | | | |
| - Taj Air Limited | - | - | 213.75 | 213.75 | - | - | 181.25 | 181.25 |
| **Total** | **1.01** | **-** | **213.75** | **214.76** | **0.90** | **-** | **181.25** | **182.15** |

### (c). Contractual maturity of financial liabilities

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Due in 1st year** | | |
| **Non-derivative financial liabilities:** | | |
| Trade and other payables | 502.47 | 293.14 |
| Lease liabilities | 135.20 | 122.52 |
| Deposits | 38.59 | 31.68 |
| Other financial liabilities | 366.86 | 146.04 |
| **Total** | **1,043.12** | **593.38** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 36 : IND AS 115 'Revenue from Contracts with Customers'

The Company revenue primarily comprises of Revenue from Hotel operations, and other miscellaneous income as tabulated below:

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| 1. Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its Statement of Profit and loss. | | |
| **Revenue From Operations** | | |
| **Revenue from contract with customers** | | |
| a) Room Revenue, Food & Beverages and Banquets | 4,629.32 | 2,434.22 |
| b) Other revenue from contract with customers | 140.79 | 129.49 |
| | **4,770.10** | **2,563.71** |
| **Other operating revenue** | | |
| a) Export Incentive | - | - |
| b) Other revenue | - | - |
| | - | - |
| **Total Revenue From Operations** | **4,770.10** | **2,563.71** |
| **2. Disaggregate Revenue :** The following table presents Company revenue disaggregated by type of revenue stream and by reportable segment: | | |
| **Revenue based on product and services** | | |
| **Revenue from contract with customers** | | |
| a) Room Revenue | 2,474.84 | 1,194.07 |
| b) Food & Beverages and Banquets | 2,154.48 | 1,240.15 |
| c) Other revenue from contract with customers | 140.79 | 129.49 |
| **Other Operating Revenue** | | |
| a) Export Incentives | - | - |
| b) Other revenue | - | - |
| 3. The Company derives its revenue from the transfer of goods and services at a point of time in its major service lines | | |
| **4. Contract balances** | | |
| **Advance Collections, deposits from customer** | | |
| Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/ restaurant/Banquets. Revenue is recognised once the performance obligation is met i.e. on room stay/ sale of food and beverage / provision of banquet services. | | |
| Balance as at year end | (82.31) | (59.20) |
| Considering the nature of business of the Company, the above contract liabilities are generally materialised as revenue within the same operating cycle. | | |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 37. Related Party disclosures as required by IND AS 24, "Related Party Disclosures", are as given below:

### a). The names of Related Parties of the Company are as under

**(i) Holding Company:**

The Indian Hotels Company Ltd.

**(ii) Fellow Subsidiaries Company**

**Domestic:**

KTC Hotels Limited
Roots Corporation Limited
Piem Hotels Limited
Taj Trade and Transport Company Limited
Inditravel Limited
Northern India Hotels Limited
Taj Enterprises Limited
Benares Hotels Limited
Luthria & Lalchandani Hotels & Properties Pvt. Ltd.
Skydeck Properties and Developers Private Limited
Sheena Investments Private Limited
ELEL Hotels & Investments Limited
Taj Sats Air Catering Limited
Ideal Ice Limited
Genness Hospitality Private Limited
Qurio Hospitality Private Limited
Suisland Hospitality Private Limited
Kadisland Hospitality Private Limited

**International:**

Taj International Hotels (H.K.) Limited
IHOCO BV
St. James Court Hotels Limited
Taj International Hotels Limited
IHMS LLC
IHMS LLC - San Francisco
IHMS LLC - USA
PIEM International Hotels (H.K.) Limited
United Overseas Holding Inc.
IHMS Hotels (SA) (Proprietary) Limited
Goodhope Palace Hotels (Proprietary) Limited

**(iii) Director/Key Management Personnel:**

| | |
|---|---|
| Mr. Shivender Kumar | Working Director |
| Mr. Virender Kumar | Working Director |
| Mr. Narinder Kumar | Working Director |

**(iv) Firms/companies in which key Management personnel are interested:**

Hotel Ambassador Building Pvt Ltd
Digvijai infrastructure Pvt. Ltd.
New Delhi Hotels Limited
Combii Organochem Pvt. Ltd.

**(v) Other related parties:**

Taida Trade and Industries Ltd.
Vivanta Coimbatore
Taj Malabar Resort & Spa, Cochin

## 37 (b). Outstanding related party balances at year end

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | Holding Company | Key Management Personnel | Fellow Subsidiaries | Firms/companies in which Key Management Personnel are interested | Other related parties |
|---|---|---|---|---|---|
| Deputed Staff Payable | 11.71 | - | 2.43 | - | - |
| Deputed Staff Recoverable | 7.86 | - | 1.67 | - | - |
| Inter Company Payables | 20.49 | - | - | - | - |
| Inter Company Receivables | 20.21 | - | - | - | - |
| Management Fees Payable | 72.68 | - | - | - | 0.15 |
| Reimbursement Fees Payable | 58.14 | - | 0.76 | - | - |
| Inter Corporate Deposits Placed | - | - | - | - | 190.00 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 37 (c). Transactions with related parties during the year

(All amounts in ₹ lakh, unless otherwise stated)

| Particulars | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|
| **Holding Company** | | |
| **The Indian Hotels Company Limited** | | |
| Operating/Licence Fee Paid | 228.72 | 122.83 |
| Advertisement/Brand Cost/CRS/CIS Paid | 182.97 | 98.26 |
| Purchase of goods & services | 10.19 | 3.07 |
| **Remuneration to Key Management Personnel** | | |
| **Mr. Shivendra Kumar** | | |
| Remuneration Paid | 35.65 | 22.08 |
| Provident Fund Paid | - | 0.89 |
| **Mr. Virender Kumar** | | |
| Remuneration Paid | 41.67 | 38.23 |
| Provident Fund Paid | - | 1.22 |
| **Mr. Narinder Kumar** | | |
| Remuneration Paid | 36.86 | 35.09 |
| Provident Fund Paid | - | 1.04 |
| **Fellow Subsidiaries** | | |
| | | - |
| **Ideal Ice Limited** | | |
| Operating/Licence Fee Paid | 7.14 | 14.23 |
| Inter corporate deposits placed | 100.00 | - |
| Inter corporate deposits received back | 100.00 | - |
| Interest earned on Inter corporate deposits placed | 1.87 | - |
| | | - |
| **Other related parties** | | - |
| **Taida Trade and Industries Ltd.** | | |
| Inter corporate deposits placed | 190.00 | - |
| Interest earned on Inter corporate deposits placed | 4.22 | - |
| **Firms/companies in which Key Management Personnel are interested** | | |
| **New Delhi Hotels Limited** | | |
| Rent Received | 0.73 | 0.73 |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 38. Additional Disclosure w.r.t Corporate Social Responsibility (CSR) Expenditure

where the NBFC or a company covered under section 135 of the Companies Act, the following shall be disclosed with regard to CSR activities:-

(All amounts in ₹ lakh, unless otherwise stated)

| | | For the period ended March 31, 2023 | For the period ended March 31, 2022 |
|---|---|---|---|
| (a) | amount required to be spent by the company during the year, | - | 1.34 |
| (b) | amount of expenditure incurred, | - | 1.34 |
| (c) | shortfall at the end of the year, | - | - |
| (d) | total of previous years shortfall, | - | - |
| (e) | reason for shortfall, | N/A | No shortfall |
| (f) | nature of CSR activities, | N/A | Vocational Skilling and Promotion of livelyhoods |
| (g) | details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard, | N/A | N/A |
| (h) | where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | N/A | N/A |

## 39. Ratio Analysis

| | Particulars | Numerator | Denominator | Current Period For FY2022-23 | Previous Period For FY2021-22 | % Variance | Reason for Variance for any change in the ratio by more than 25% as compared to the preceding year |
|---|---|---|---|---|---|---|---|
| (a) | Current Ratio | Current Assets | Current Liabilities | 1.57 x | 1.13 x | 39.16% | Current ratio has improved over previous year due to an investment in term deposit with maturity of less than 12 months |
| (b) | Debt-Equity Ratio | Total Debt | Shareholder’s Equity | - | - | - | - |
| (c) | Debt Service Coverage Ratio | Net Operating Income/(loss) or EBITDA | Interest & Lease Payments+Principle Repayments | 6.91 x | 0.65 x | 967.77% | DSCR has improved over previous year due to increase in cash operating earnings |
| (d) | Return on Equity Ratio | Net Earnings/ (loss) | Average Shareholders’ Equity | 38.13% | (13.80%) | (376.25%) | ROCE improved over previous year with improvement in operating margins due to recovery from COVID 19 and improvement in business volumes |
| (e) | Inventory turnover ratio | Cost of Goods Sold or Sales | Average Inventory | - | - | - | - |
| (f) | Trade Receivables turnover ratio | Net Credit Sales | Average Accounts Receivables | 14.85 x | 13.89 x | 6.93% | - |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

| Particulars | Numerator | Denominator | Current Period For FY2022-23 | Previous Period For FY2021-22 | % Variance | Reason for Variance for any change in the ratio by more than 25% as compared to the preceding year |
|---|---|---|---|---|---|---|
| (g) Trade payables turnover ratio | Net Credit Purchases | Average Accounts Payables | 6.75 x | 6.36 x | 6.11% | - |
| (h) Net capital turnover ratio | Net Annual Sales | Average working capital | 6.89 x | 6.56 x | 5.01% | - |
| (i) Net profit ratio | Net Profit/ (loss) | Net Sales | 15.58% | (8.94%) | (274.21%) | Net profit ratio improved over the previous year owning to recovery from COVID 19 and improvement in business volumes |
| (j) Return on Capital employed | Net Operating Profit/(Loss), or earnings before interest and taxes (EBIT) | Capital employed | 41.51% | (10.80%) | (484.39%) | ROCE has improved over previous year with improvement in operating margins due to recovery from COVID 19 and improvement in business volumes |
| (k) Return on investment | Net Profit/ (loss) | Cost of the investment | - | - | - | - |

Note: Explanation of items included in numerator and denominator for computing above ratios as follows:

| Ratio | Numerator | Denominator |
|---|---|---|
| (a) Current Ratio | Inventories+Trade Receivables+Cash and Cash Equivalents+Other Financial Assets+Other current Assets | Lease Liabilities+Total outstanding dues of micro & small enterprises+Total outstanding dues of creditors other than micro & small .......enterprises+Other Financial Liabilities+Other Financial Liabilities+Other Current Liabilities+Provisions |
| (b) Debt-Equity Ratio | Non - Current Borrowings + Current Borrowings | Total Equity |
| (c) Debt Service Coverage Ratio | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] |
| (d) Return on Equity Ratio | Profit/(Loss) after tax | Average Total Equity |
| (e) Inventory turnover ratio | N/A | N/A |
| (f) Trade Receivables turnover ratio | Revenue from operations | Average Trade Receivables |
| (g) Trade payables turnover ratio | Total expenses - Depreciation - Interest - Payroll Cost | Average Trade Payables |
| (h) Net capital turnover ratio | Net Sales | Average Working Capital i.e (Average Current Assets - Average Current Liabilities) |
| (i) Net profit ratio | Profit/(Loss) after tax | Total Income |
| (j) Return on Capital employed | EBIT | Average Equity + Average Debt + Average Leases |
| (k) Return on investment | N/A | N/A |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

**40** Amount appearing as zero "0" in the financial statements are below the rounding off norm adopted by the Company.

**41** Figures of the previous period have been regrouped/recasted wherever necessary.

For and on behalf of the Board

**As per our report attached of even date**
For **R K Khanna & Co.**
Chartered Accountants
FRN: 000033N

**Shivendra Kumar**
Director
DIN: 09186323

**Mohit Gupta**
Director
DIN: 01865794

**Harsh Raj Malik**
Company Secretary

**Anil K. Khanna**
Partner
M. No.080434

Date: April 21, 2023
Place: New Delhi

# Independent Auditor’s Report

**To the Members of Skydeck Properties and Developers Private Limited**

## Report on the Audit of the Standalone Financial Statements

## Opinion

1. We have audited the accompanying financial statements of Skydeck Properties and Developers Private Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of income and other comprehensive income), changes in equity and its cash flows for the year then ended.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

## Other Information

4. Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

   When we read the Director’s report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

# Independent Auditor's Report (Contd.)

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. 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

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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.

9. 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.

10. 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows 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.

    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    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 (as amended), 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.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

            (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

# Independent Auditor's Report (Contd.)

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividends are declared and paid during the year by the Company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year, therefore the provisions of Section 197 read with Schedule V of the Act is not applicable.

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firms Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499
UDIN: 23183499BGWFHC7715

Place of Signature: Mumbai
Date: April 14, 2023

# Annexure A to Independent Auditors' Report

**Referred to in Paragraph 11 of the Independent Auditors' Report of Even Date to the Members of Skydeck Properties and Developers Private Limited on the Financial Statements as of and for the year ended March 31, 2023**

i. The Company did not hold any fixed assets during the year under report. Accordingly, provisions of Paragraph 3 clause i(a), (b) and (c) of the Order are not applicable.

ii. The Company has no inventories during the year under report. Accordingly, provisions of Paragraph 3 clause ii(a) and (b) of the Order are not applicable.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short-term basis.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates of joint ventures during the year.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

# Annexure A to Independent Auditors' Report (Contd.)

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT- 4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. The provisions of Internal Audit under Companies Act, 2013 are not applicable to the Company. Accordingly, provisions of Paragraph 3 clause xiv(a) and (b) of the Order are not applicable.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial/ housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, there are 6 Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

# Annexure A to Independent Auditors' Report (Contd.)

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 26 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. The Company is not covered under Section 135 of the Companies Act. Accordingly, provisions of Paragraph 3 clause xx(a) and (b) of the Order are not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firms Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499
UDIN: 23183499BGWFHC7715

Place of Signature: Mumbai
Date: April 14, 2023

# Annexure B to Independent Auditor’s Report

**Referred to in Paragraph 12(f) of the Independent Auditor’s Report of Even Date to the Members of Skydeck Properties and Developers Private Limited on the Financial Statements for the year ended March 31, 2023**

**Report on the Internal Financial Controls with Reference to Financial Statements Under Clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Skydeck Properties and Developers Private Limited (“the Company”) as of March 31, 2023 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

2. 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 (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor’s Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company’s internal financial controls with reference to financial statements 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 controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

# Annexure B to Independent Auditor's Report (Contd.)

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by ICAI.

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firms Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499
UDIN: 23183499BGWFHC7715

Place of Signature: Mumbai
Date: April 14, 2023

# Balance Sheets
as at March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Financial assets | | | |
| Investments | 3 | 52,861.00 | 52,861.00 |
| Advance income tax (net) | | 7.48 | 13.51 |
| | | **52,868.48** | **52,874.51** |
| **Current Assets** | | | |
| Financial assets | | | |
| Trade receivables | 4 | 9.29 | 8.50 |
| Cash and cash equivalents | 5 | 105.13 | 87.56 |
| Other financial assets | 6 | 0.32 | 0.24 |
| Other current assets | 7 | 0.32 | 0.36 |
| | | **115.06** | **96.66** |
| **Total** | | **52,983.54** | **52,971.17** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 8 | 97,298.13 | 97,298.13 |
| Other equity | 9 | (44,324.58) | (44,336.91) |
| **Total Equity** | | **52,973.55** | **52,961.22** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 10 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 0.90 | 0.88 |
| Other financial liabilities | 11 | 8.39 | 8.39 |
| Other current liabilities | 12 | 0.70 | 0.68 |
| | | **9.99** | **9.95** |
| **Total** | | **52,983.54** | **52,971.17** |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the financial statements | | | |

In terms of our report of even date

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firm Registration No. 102082W

For and on behalf of the Board

**KARAN VISHWAKARMA**
Partner
Membership No. 183499

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

**RASHNA KARARIA**
Company Secretary

# Statement of Profit and Loss
for the year ended March 31, 2023

(₹ lakhs)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 13 | 108.29 | 94.46 |
| Other income | 14 | 5.11 | 1.94 |
| **Total Income** | | **113.40** | **96.40** |
| **Expenses** | | | |
| Finance costs | 15 | - | - |
| Other operating and general expenses | 16 | 96.60 | 84.43 |
| **Total Expenses** | | **96.60** | **84.43** |
| **Profit/ (Loss) before exceptional items and tax** | | 16.80 | 11.97 |
| **Exceptional items** | | - | - |
| **Profit before tax** | | **16.80** | **11.97** |
| **Tax expense** | | | |
| Current tax | | 4.48 | 3.24 |
| Short/ (Excess) provision of tax of earlier years (net) | | (0.01) | - |
| Deferred tax | | - | - |
| **Total** | | **4.47** | **3.24** |
| **Profit After Tax** | | 12.33 | 8.73 |
| **Other Comprehensive Income, Net of Tax** | | | |
| Other comprehensive income for the year | | - | - |
| **Total Comprehensive Income for the Year** | | **12.33** | **8.73** |
| Earnings per share: | 17 | | |
| Basic and Diluted – (₹) | | 0.001 | 0.001 |
| Face value per ordinary share – (₹) | | 10.00 | 10.00 |
| Summary of Significant Accounting Policies | | | |
| The accompanying notes form an integral part of the Financial Statements | | | |

In terms of our report of even date

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firm Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499

Place: Mumbai
Date: April 14, 2023

For and on behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

**RASHNA KARARIA**
Company Secretary

# Statement of Changes in Equity
as at March 31, 2023

(₹ lakhs)

| Particulars | Equity Share Capital Subscribed | Other Equity | | | |
|---|---|---|---|---|---|
| | | Retained Earnings | Other Reserve | Total | Total Equity |
| **Balance as at April 01, 2020** | 89,303.22 | (43,956.71) | (388.93) | (44,345.64) | 44,957.58 |
| Profit for the year ended March 31, 2021 | - | 8.73 | - | 8.73 | 8.73 |
| Other Comprehensive Income | - | - | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2021** | **-** | **8.73** | **-** | **8.73** | **8.73** |
| Issue of shares on Rights basis | 7,994.91 | - | - | - | 7,994.91 |
| **Balance as at March 31, 2021** | **97,298.13** | **(43,947.98)** | **(388.93)** | **(44,336.91)** | **52,961.22** |
| Profit for the year ended March 31, 2023 | - | 12.33 | - | 12.33 | 12.33 |
| Other Comprehensive Income | - | - | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **12.33** | **-** | **12.33** | **12.33** |
| Issue of shares on Rights basis | - | | | | - |
| **Balance as at March 31, 2023** | **97,298.13** | **(43,935.65)** | **(388.93)** | **(44,324.58)** | **52,973.55** |
| Summary of Significant Accounting Policies | | | | | |
| The accompanying notes form an integral part of the Financial Statements | | | | | |

In terms of our report of even date

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firm Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499

Place: Mumbai
Date: April 14, 2023

For and on behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

**RASHNA KARARIA**
Company Secretary

# Cash Flow Statement
for the year ended March 31, 2023

(₹ lakhs)

| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Cash Flow from Operating Activities** | | | |
| Profit Before Tax | | 16.80 | 11.97 |
| **Adjustments for:** | | | |
| Interest Income | | (5.11) | (1.94) |
| Finance Costs | | - | - |
| | | **(5.11)** | **(1.94)** |
| **Cash Operating Profit before working capital changes** | | 11.69 | 10.03 |
| Adjustments for (Increase)/ Decrease in Operating Assets: | | | |
| Trade Receivables | | (0.75) | 0.69 |
| | | **(0.75)** | **0.69** |
| **Adjustments for Increase/ (Decrease) in Operating Liabilities:** | | | |
| Trade Payables | | 0.04 | 0.16 |
| Other Current Liabilities | | - | (7,980.23) |
| | | **0.04** | **(7,980.07)** |
| **Cash Generated from Operating Activities** | | **10.98** | **(7,969.35)** |
| Direct Taxes (Paid)/ Refunded | | 2.32 | (9.64) |
| **Net Cash Generated from Operating Activities (A)** | | **13.30** | **(7,978.99)** |
| **Cash Flow from Investing Activities** | | | |
| Interest Received | | 4.27 | 1.77 |
| **Net Cash Generated/(Used) In Investing Activities (B)** | | **4.27** | **1.77** |
| **Cash Flow from Financing Activities** | | | |
| Proceeds from Issue of Equity Shares | | - | 7,994.91 |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | | **-** | **7,994.91** |
| **Net Increase/ (Decrease) In Cash and Cash Equivalents (A + B + C)** | | 17.57 | 17.69 |
| **Cash and Cash Equivalents – Opening** | | 87.56 | 69.87 |
| **Cash and Cash Equivalents – Closing** | | **105.13** | **87.56** |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | | | |

In terms of our report of even date

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firm Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499

Place: Mumbai
Date: April 14, 2023

For and on behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

**RASHNA KARARIA**
Company Secretary

# Notes to Financial Statements

(for the Period Ended March 31, 2023)

## Note 1: Background

Skydeck Properties and Developers Private limited ("Skydeck" or the "Company"), a private limited company was incorporated on May 13, 1998. The Company is primarily engaged in construction activities and providing Management Consultancy.

## Note 2: Significant Accounting Policies

**a) Basis of Preparation and Presentation:**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013, on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

**b) Critical Accounting Estimates and Judgements:**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Impairment of Investments:** The Company reviews its carrying value of investment in subsidiaries carried at cost less impairment (if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.
- **Impact of COVID-19 Pandemic – Disruption and Uncertainty in Business:**

  The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

# Notes to Financial Statements

(for the Period Ended March 31, 2023)

**c) Revenue Recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the Company as part of the contract.

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividends**

Dividend income is recognised when the Company's right to receive the amount is established.

**d) Taxes on Income:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax:**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred Tax:**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**e) Borrowing Costs:**

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

**f) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**g) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**h) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**i) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification:**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement:**

***Debt Instruments***

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

***Equity Investments***

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

***Impairment of Financial Assets***

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

**Financial Liabilities:**

***Classification***

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

***Initial Recognition and Measurement***

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

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

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

***Financial Liabilities at Fair Value Through Profit or Loss***

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

***Gains or Losses on Liabilities Held for Trading are Recognised in the Statement of Profit and Loss.***

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

*Loans and Borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

*Derecognition*

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

*Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**j) Recent Accounting Pronouncements**

**a) New Accounting Standards/ Amendments Notified and Adopted by the Company:**

The Company has applied the following amendments for the first time for their annual reporting period commencing April 01, 2022:

Ind AS 16 – Property Plant and Equipment –

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**b) New Standards/ Amendments Notified but not yet Effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 01, 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes –

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 3: Investments

| | Face Value | March 31, 2023 Holdings No. of Shares | March 31, 2023 (₹ lakhs) | March 31, 2022 Holdings No. of Shares | March 31, 2022 (₹ lakhs) |
|---|---|---|---|---|---|
| **Trade Investments:** | | | | | |
| **Fully Paid Unquoted Equity Instruments** | | | | | |
| **Investments in Subsidiary Companies (At Cost)** | | | | | |
| Sheena Investments Private Limited | 10.00 | 10,00,000 | 23,200.00 | 10,00,000 | 23,200.00 |
| ELEL Hotels and Investments Limited | 10.00 | 13,09,896 | 29,660.95 | 13,09,896 | 29,660.95 |
| Luthria and Lalchandani Hotels and Properties Private Limited | 100.00 | 50 | 0.05 | 50 | 0.05 |
| **Investments in Fellow Subsidiary Company (At Cost)** | | | | | |
| Zarrenstar Hospitality Private Limited (₹1) | 1.00 | 1 | - | | - |
| **Total Investments** | | | **52,861.00** | | **52,861.00** |

## Note 4: Trade and Other Receivables (Unsecured)

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Others: | | |
| Considered good | 9.29 | 8.50 |
| Credit impaired | - | - |
| | **9.29** | **8.50** |

**Footnote:**
Trade Receivables ageing schedule given below:

(₹ lakhs)

| | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Less than 6 months | Total |
| Undisputed Trade receivables – considered good | 9.29 | 9.29 |
| | *8.50* | *8.50* |
| | **9.29** | **9.29** |
| | ***8.50*** | ***8.50*** |

* Figure in italic are for previous year

## Note 5: Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balances with bank in current account | 20.13 | 2.56 |
| Balances with bank in call and short-term deposit accounts (Original maturity less than 3 months) | 85.00 | 85.00 |
| | **105.13** | **87.56** |

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 6: Other Financial Assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Receivable** | | |
| Bank Deposits | 0.32 | 0.24 |
| | **0.32** | **0.24** |

## Note 7: Other Current Assets

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Indirect tax recoverable | 0.32 | 0.36 |
| | **0.32** | **0.36** |

## Note 8: Share Capital

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| Equity Shares | | |
| 98,01,00,000 (Previous year 98,01,00,000) Equity Shares of ₹10/- each | 98,010.00 | 98,010.00 |
| | **98,010.00** | **98,010.00** |
| **Issued Share Capital** | | |
| 97,29,81,324 (Previous year 97,29,81,324) Equity Shares of ₹10/- each | 97,298.13 | 97,298.13 |
| | **97,298.13** | **97,298.13** |
| **Subscribed and Paid Up** | | |
| 97,29,81,324 (Previous year 97,29,81,324) Equity Shares of ₹10/- each, Fully Paid | 97,298.13 | 97,298.13 |
| | **97,298.13** | **97,298.13** |

**Footnotes:**

i) Reconciliation of the shares outstanding at the beginning and at the end of the year:

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ lakhs) | No. of Shares | (₹ lakhs) |
| As at the beginning of the year | 97,29,81,324 | 97,298.13 | 89,30,32,160 | 89,303.22 |
| Add: Issued during the year | - | - | 7,99,49,164 | 7,994.91 |
| As at the end of the year | **97,29,81,324** | **97,298.13** | **97,29,81,324** | **97,298.13** |

During the previous year company has issued 7,99,49,164 shares of ₹10 each amounting to ₹7,994.91 on rights basis to exixting shareholder.

ii) Shares held by Holding Company:

| | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| Holding Company | | |
| The Indian Hotels Company Limited ("IHCL") | 97,29,81,324 | 97,29,81,324 |

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

iii) Shareholders holding more than 5% shares in the Company :

| | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| The Indian Hotels Company Limited | 97,29,81,324 | 97,29,81,324 |
| % of Holding | 100 % | 100 % |

iv) The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held.

## Note 9: Other Equity

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Retained Earnings** | | |
| Opening | (43,947.98) | (43,956.71) |
| Add: Current year profit | 12.33 | 8.73 |
| Closing | **(43,935.65)** | **(43,947.98)** |
| **Other Reserve** | | |
| Opening | (388.93) | (388.93) |
| Add: During the year | - | - |
| Closing | **(388.93)** | **(388.93)** |
| **Total** | **(44,324.58)** | **(44,336.91)** |

## Note 10: Trade Payables

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro and Small Enterprises # | - | - |
| Others | | |
| Vendor Payables | - | - |
| Accrued expenses and others | 0.90 | 0.88 |
| | **0.90** | **0.88** |

**Footnotes:**
Trade Payables ageing schedule given below :

(₹ lakhs)

| | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Accrued Expenses | Total |
| MSME# | - | - |
| | - | - |
| Others | 0.90 | 0.90 |
| | *0.88* | *0.88* |
| | **0.90** | **0.90** |
| | ***0.88*** | ***0.88*** |

* Figure in italic are for previous year

# There are no vendors identified on the basis of information checked by the management who fall under the definition of Micro & Small Enterprises as defined in the "Micro, Small and Medium enterprises Development Act, 2006".

# Notes to Financial Statements

(for the Period Ended March 31, 2023)

## Note 11: Other Financial Liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Payables:** | | |
| Related Parties (Refer footnote below) | 7.39 | 7.39 |
| Others | - | - |
| | **7.39** | **7.39** |
| Other liabilities | 1.00 | 1.00 |
| | **8.39** | **8.39** |

**Footnote:**
Dues to related party has been settled during the year by the Company from proceeds from rights issue.

## Note 12: Other Current Liabilities

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Statutory dues | 0.70 | 0.68 |
| | **0.70** | **0.68** |

## Note 13: Revenue From Operations

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Other operating income | 108.29 | 94.46 |
| **Total** | **108.29** | **94.46** |

## Note 14: Other Income

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks | 4.35 | 1.94 |
| Income tax refund | 0.76 | - |
| **Total** | **5.11** | **1.94** |

## Note 15: Finance Costs

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Expense at effective interest rate on borrowings | - | - |
| Interest on ICD borrowed | - | - |
| **Total** | **-** | **-** |

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 16: General Expenses

(₹ lakhs)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **General expenses consist of the following:** | | |
| Rates and Taxes | 0.07 | 0.50 |
| Professional Fees | 0.01 | 0.01 |
| Brokerages and Commission | 0.19 | - |
| Business Support Cost | 94.53 | 82.14 |
| Corporate Social Responsibility Expenses | 0.17 | - |
| Audit Fees | | |
| As statutory auditors | 0.28 | 0.28 |
| For other services | 0.51 | 0.60 |
| Other Expenses | 0.84 | 0.90 |
| **Total** | **96.60** | **84.43** |

## Note 17: Earnings Per Share (EPS)

Earnings Per Share is calculated in accordance with IND AS 33 - 'Earnings Per Share'.

(₹ lakhs)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Profit after tax – (₹ lakhs) | 12.33 | 8.73 |
| Weighted Average Number of Equity Shares | 97,29,81,324 | 97,29,81,324 |
| Face Value per Equity Share (₹) | 10.00 | 10.00 |
| Earning Per Share – (₹) Basic and Diluted | **0.001** | **0.001** |

## Note 18: Fair Value of Financial Instruments.

IND AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments approximate fair values due to interest charged at market rate in respect of borrowings and short-term nature of account balances in respect of cash, receivables etc.

## Note 19: Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprise of cash, trade and other receivables, trade and other payables, loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company manages and monitors these risks primarily through its operating and financing activities.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 20: Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short-term deposits with reputable banks and financial institutions.

## Note 21: Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

### Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

(₹ lakhs)

| Particulars | Due within 1 year | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Non-Derivative Financial Liabilities** | | |
| Trade Payable | 0.90 | 0.88 |
| Other Financial liabilities | 8.39 | 8.39 |
| **Total** | **9.29** | **9.27** |

## Note 22: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the Company.

## Note 23: Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

## Note 24: Segment Reporting:

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 25: Taxation

**a)** Reconciliation of tax expense with the effective tax

(₹ lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit before tax | 16.80 | 11.97 |
| Income tax rate as applicable @ 25.17% (previous year @ 25.17%) | 4.23 | 3.02 |
| **Permanent Tax Difference** | | |
| Effect of expenses that are not deductible in determining taxable profit | 0.25 | 0.22 |
| DTA not created due to lack of reasonable certainty | - | - |
| | **4.48** | **3.24** |
| Prior year taxes | (0.01) | - |
| **Income Tax Expense Recognised in Statement of Profit & Loss** | **4.47** | **3.24** |

**b)** The Company has not recognised any deferred tax assets on losses incurred considering no tax benefit for business losses claimed under the Income Tax act, 1961 in its tax returns.

## Note 26: Ratio Analysis:

| Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | % of Variance |
|---|---|---|---|---|---|
| Current Ratio (Note i) | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | 11.52 times | 9.71 times | 19% |
| Debt – Equity (Note iii) | Non-Current Borrowings + Current Borrowings | Total Equity | NA | NA | NA |
| Debt Service Coverage (Note iii) | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | NA | NA | NA |
| Return on Equity | Profit/ (Loss) after tax | Average Total Equity | 0.02% | 0.02% | 31% |
| Inventory Turnover (Note iii) | NA | NA | NA | NA | NA |
| Trade Receivable Turnover (Note ii) | Revenue from operations | Average Trade Receivables | 12.75 times | 10.84 times | 18% |
| Trade Payable Turnover (Note i) | Total expenses - Depreciation - Interest - Payroll Cost | Average Trade Payables | 108.54 times | 98.75 times | 10% |
| Net Capital Turnover | Net Sales | Working Capital i.e. (Average Current Assets - Average Current Liabilities) | 1.18 times | (0.02) times | - |
| Net Profit Ratio | Profit/ (Loss) after tax | Total Income | 10.87% | 9.06% | 20% |
| Return on Capital Employed | EBIT | Average Equity + Average Debt + Average Leases | 0.03% | 0.02% | 30% |
| Return on Investment (Note iii) | NA | NA | NA | NA | NA |

**Footnotes:**

i) The ratio has improved in the current year vis a vis last year mainly on account of payment of liability.

ii) The ratio has improved due to reduction in debtors and improved collection.

iii) Ratio is not applicable to the Company.

# Notes to Financial Statements
(for the Period Ended March 31, 2023)

## Note 27: Related Party Transactions

a) The names of related parties of the Company are as under :

**Holding Company**

– The Indian Hotels Company Limited (“IHCL”)

**Direct Subsidiary Companies**

– Sheena Investments Private Limited (“Sheena”)

– ELEL Hotels and Investments Private Limited (“ELEL”)

– Luthria and Lalchandani Hotel and Properties Private Limited (“Luthria”)

**Fellow Subsidiary Company**

– Zarrenstar Hospitality Private Limited (“Zarrenstar”)

**Associate of the Holding Company**

– Taida Trading & Industries Limited (“Taida”)

b) Transactions with related parties :

(₹ lakhs)

| Particulars of Transactions | Holding Company | | Associate Company | |
|---|---|---|---|---|
| | Transaction Amount | Outstanding Amount | Transaction Amount | Outstanding Amount |
| **Payables** | | | | |
| Current Account Due | **94.53** | **7.40** | **-** | **-** |
| | *82.14* | *7.39* | - | - |
| **Receivables** | | | | |
| Trade receivables | **108.29** | **9.29** | **-** | **-** |
| | *94.46* | *8.50* | - | - |
| **Issue of Shares** | | | | |
| Allotment of Shares | **-** | **-** | **-** | **-** |
| | *7994.91* | - | - | - |
| **Purchase of Shares** | | | | |
| Shares Purchased from | **-** | **-** | ***-** | **-** |
| | - | - | - | - |

**Footnote:** Figures in Italics represent previous year figures.

* Purchase of 1 share of Zarrenstar Hospitality Private Limited having face value of ₹1 per share from Taida Trading & Industries Limited for an aggregate value of ₹1.

## Note 28: There are No Foreign Currency Transactions During the Current and Previous Year.

In terms of our report of even date

For **DAMJI MERCHANT & CO.**
Chartered Accountants
Firm Registration No. 102082W

**KARAN VISHWAKARMA**
Partner
Membership No. 183499

Place: Mumbai
Date: April 14, 2023

For and on behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

**RASHNA KARARIA**
Company Secretary

# Form AOC - I

**(Pursuant to First Provison to sub-section (3) of Section 129 of the Companies Act, 2013, Read with Rule 5 of Companies (Accounts) Rules, 2014)**

**Statement Containing Salient Features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures**

## Part "A": Subsidiaries

| Sr. No. | Name of Subsidiary Company | The Date Since When Subsidiary was Acquired | Reporting Currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit/ (Loss) Before Taxation | Provision for Taxation | Profit/ (Loss) After Taxation | Proposed Dividend | Effective Shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | (%) |
| | **Indian** | | | | | | | | | | | | | |
| 1 | Sheena Investments Private Ltd. | January 15, 2010 | INR | 100.00 | 206.62 | 308.09 | 1.47 | 39.85 | 13.36 | 11.66 | 3.36 | 8.30 | - | 100.00% |
| 2 | ELEL Hotels and Investments Ltd. | January 15, 2010 | INR | 282.09 | 52,134.04 | 59,179.42 | 6,763.29 | 0.93 | 16.57 | (1,419.40) | (700.00) | (719.40) | - | 85.72% |
| 3 | Luthria and Lalchandani Hotel and Properties Private Ltd. | February 18, 2008 | INR | 1.00 | (6.03) | 1.48 | 6.51 | - | - | (0.62) | - | (0.62) | - | 87.15% |

**Footnotes:**

i) The financial statements of all subsidiaries are drawn up to the same reporting date as that of the Parent Company, i.e., March 31, 2023

ii) Names of subsidiaries which are yet to commence operations – None

## Part "B": Associates and Joint Ventures

| Sr. No. | Name of Associates/ Joint Ventures | Latest Audited Balance Sheet Date | Date on Which the Associate or Joint Venture was Associated or Acquired | Shares Held by the Company on the Year End | | | Networth Attributable to Shareholding as per Latest Audited Balance Sheet (Refer Notes V) | Profit/ Loss for the Year | | Description of How There is Significant Influence | Reason Why the Associate/ Joint Venture is Not Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | No. of Shares | Amount of Investment (Refer Notes iv) | Extent of Holding | | Considered in Consolidation (To the Extent of Group's Effective Shareholding) | Not Considered in Consolidation | | |
| | | | | | (₹ lakhs) | % | (₹ lakhs) | (₹ lakhs) | (₹ lakhs) | | |
| | **Associates** | | | | | | | | | | |
| | **Indian** | | | | | | | | | | |
| 1 | Zarrenstar Hospitality Private Limited | March 31, 2023 | March 10, 2023 | 1 | - | 50.00% | - | | | Note(ii) | Note(iii) |

**Notes:**

i) Names of Associates/ Joint Venture which are yet to commence operations – Zarrenstar Hospitality Private Limited

ii) There is significant influence due to percentage(%) of share holding (more than 20%).

iii) The Company, being intermediate holding company, is exempted from preparing consolidated financial statement.

iv) Face value of share is ₹1 and aggregated vale of investment is ₹1

v) The carrying value of these investments in Associates has been reported as Nil, as the Group's share of losses exceeds the cost of investments.

For and on behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

**RASHNA KARARIA**
Company Secretary

# Independent Auditor's Report

**To the Members of Sheena Investments Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Sheena Investments Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

# Independent Auditor’s Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors’ Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

   (g) With respect to the other matters to be included in the Auditors’ 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 as at March 31, 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

# Independent Auditor's Report (Contd.)

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend declared or paid during the year by the Company and accordingly reporting on compliance with Section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 01, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16):

No remuneration has been paid by the Company to its directors during the year and accordingly reporting on compliance with provisions of Section 197 is not applicable.

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN : 23220369BGUYJU5834

Place of Signature: Mumbai
Date: April 14, 2023

# Annexure A of Independent Auditor's Report

**Referred to in Paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date to the Members of Sheena Investments Private Limited ("the Company") on the Financial Statements as of and for the year ended March 31, 2023.**

(i) The Company does not have any property, plant and equipment. Accordingly, the provisions of clause 3(i) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short-term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

# Annexure A of Independent Auditor's Report (Contd.)

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle-blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act, 2013. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

# Annexure A of Independent Auditor's Report (Contd.)

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As the Company is not required to spend any amount under Section 135 of the Companies Act for the financial year, paragraph 3(xx) of the Order is not applicable to the Company.

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No. 220369
UDIN : 23220369BGUYJU5834

Place of Signature: Mumbai
Date: April 14, 2023

# Annexure B of Independent Auditor's Report

**Referred to in Paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date**

## Report on the Internal Financial Controls with Reference to the Aforesaid Financial Statements Under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Sheena Investments Private Limited ("the Company") as of March 31, 2023 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

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

# Annexure B of Independent Auditor's Report (Contd.)

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No. 220369
UDIN : 23220369BGUYJU5834

Place of Signature: Mumbai
Date: April 14, 2023

# Balance Sheet
as at March 31, 2023

| | Note | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Financial assets | | | |
| Investments | 3 | 39.85 | 39.85 |
| Advance income tax (net) | | 0.10 | 0.21 |
| | | **39.95** | **40.06** |
| **Current Assets** | | | |
| Financial assets | | | |
| Trade receivables | 4 | - | - |
| Cash and cash equivalents | 5 | 14.98 | 10.29 |
| Bank balances other than cash and cash equivalents | 6 | 252.00 | 240.00 |
| Other financial assets | 7 | 1.16 | 9.44 |
| | | **268.14** | **259.73** |
| **Total** | | **308.09** | **299.79** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 8 | 100.00 | 100.00 |
| Other equity | 9 | 206.61 | 198.31 |
| **Total Equity** | | **306.61** | **298.31** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 10 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 1.35 | 1.35 |
| Other financial liabilities | 11 | - | - |
| Other current liabilities | 12 | 0.13 | 0.13 |
| | | **1.48** | **1.48** |
| **Total** | | **308.09** | **299.79** |
| Summary of significant accounting policies | 2 | | |

In terms of our report of even date

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on Behalf of the Board

**RAMANARAYANAN J.**
Partner
Membership No. 220369

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

| | Note | Year ended March 31, 2023 (₹ lakhs) | Year ended March 31, 2022 (₹ lakhs) |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 13 | 1.00 | 1.00 |
| Other income | 14 | 12.36 | 11.53 |
| **Total Income** | | **13.36** | **12.53** |
| **Expenses** | | | |
| Other operating and general expenses | 15 | 1.70 | 1.72 |
| **Total Expenses** | | **1.70** | **1.72** |
| **Profit/ (Loss) Before Exceptional Items and Tax** | | **11.66** | **10.81** |
| **Exceptional Items** | | - | - |
| **Profit/ (Loss) Before Tax** | | **11.66** | **10.81** |
| **Tax Expenses** | | | |
| Current tax | | 3.37 | 3.16 |
| Provision for earlier year tax | | (0.01) | 0.01 |
| Deferred tax | | - | - |
| **Total** | | **3.36** | **3.17** |
| **Profit/ (Loss) After Tax** | | **8.30** | **7.64** |
| **Other Comprehensive Income, Net of Tax** | | | |
| Other comprehensive income for the year | | - | - |
| **Total Comprehensive Income for the Year** | | **8.30** | **7.64** |
| Earnings per share: | 16 | | |
| Basic - (₹) | | 0.83 | 0.76 |
| Diluted - (₹) | | 0.83 | 0.76 |
| Face value per ordinary share - (₹) | | 10.00 | 10.00 |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | | | |

In terms of our report of even date

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on Behalf of the Board

**RAMANARAYANAN J.**
Partner
Membership No. 220369

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Statement of Changes in Equity

as at March 31, 2023

(₹ lakhs)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | Total |
|---|---|---|---|
| | | Retained Earnings | |
| **Balance as at April 01, 2021** | **100.00** | **190.67** | **290.67** |
| Profit for the year ended March 31, 2022 | - | 7.64 | 7.64 |
| Other Comprehensive Income | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2022** | **-** | **7.64** | **7.64** |
| **Balance as at March 31, 2022** | **100.00** | **198.31** | **298.31** |
| Profit for the year ended March 31, 2023 | - | 8.30 | 8.30 |
| Other Comprehensive Income | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **8.30** | **8.30** |
| **Balance as at March 31, 2023** | **100.00** | **206.61** | **306.61** |
| Summary of Significant Accounting Policies – Refer Note 2 | | | |
| The accompanying notes form an integral part of the Financial Statements | | | |

In terms of our report of even date

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on Behalf of the Board

**RAMANARAYANAN J.**
Partner
Membership No. 220369

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Cash Flow Statement
for the year ended March 31, 2023

| | Year ended March 31, 2023 (₹ lakhs) | Year ended March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Profit Before Tax | 11.66 | 10.81 |
| **Adjustments for:** | | |
| Interest Income | (12.36) | (11.53) |
| | **(12.36)** | **(11.53)** |
| **Cash Operating Profit Before Working Capital Changes** | **(0.70)** | **(0.72)** |
| **Adjustments for (Increase)/ Decrease in Operating Assets:** | | |
| Trade Receivables | - | 0.93 |
| Other Current Assets | - | - |
| | **-** | **0.93** |
| **Adjustments for Increase/ (Decrease) in Operating Liabilities:** | | |
| Trade Payables | - | (1.49) |
| | **-** | **(1.49)** |
| **Cash Generated from Operating Activities** | **(0.70)** | **(1.28)** |
| Direct Taxes (Paid)/ Refunded | (3.25) | (2.80) |
| **Net Cash Generated from Operating Activities (A)** | **(3.95)** | **(4.08)** |
| **Cash Flow from Investing Activities** | | |
| Interest Received | 20.64 | 12.23 |
| Bank Balances not considered as Cash and Cash Equivalents | (12.00) | (15.00) |
| **Net Cash Generated/ (Used) In Investing Activities (B)** | **8.64** | **(2.77)** |
| **Cash Flow from Financing Activities** | | |
| | - | - |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **-** | **-** |
| **Net Increase/ (Decrease) In Cash and Cash Equivalents (A + B + C)** | **4.69** | **(6.85)** |
| **Cash and Cash Equivalents – Opening** | 10.29 | 17.14 |
| **Cash and Cash Equivalents – Closing** | **14.98** | **10.29** |
| Summary of Significant Accounting Policies - Refer Note 2 | | |
| The accompanying notes form an integral part of the Financial Statements | | |

In terms of our report of even date

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on Behalf of the Board

**RAMANARAYANAN J.**
Partner
Membership No. 220369

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Notes to the Financial Statements
for the year ended March 31, 2023

## Note 1: Background

Sheena Investments Private Limited (the "Company"), a private limited company was incorporated on February 12, 1990. The Company is primarily engaged in the business of investment and also providing management consultancy.

## Note 2: Significant Accounting Policies

**a) Basis of Preparation and Presentation:**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013, on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

**b) Critical Accounting Estimates and Judgements:**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- I**mpairment of Investments:** The Company reviews its carrying value of investment in subsidiaries carried at cost less impairment (if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

**c) Revenue Recognition:**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and variable consideration on account of discounts and schemes offered by the Company as part of the contract.

### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

### Dividends

Dividend income is recognised when the Company's right to receive the amount is established.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

**d) Taxes on Income:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax:**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred Tax:**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**e) Borrowing Costs:**

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

**f) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**g) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**h) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**i) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### Subsequent Measurement:

#### Debt Instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

   Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### Equity Investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  a) the Company has transferred substantially all the risks and rewards of the asset, or

  b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

## Financial Liabilities

### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables.

### Financial Liabilities at Fair Value Through Profit or Loss

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

### Gains or Losses on Liabilities Held for Trading are Recognised in the Statement of Profit and Loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

**Derecognition**

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

**Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## j) Recent Accounting Pronouncements

### a) New Accounting Standards/ Amendments Notified and Adopted by the Company:

The Company has applied the following amendments for the first time for their annual reporting period commencing April 01, 2022:

Ind AS 16 – Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

**b) New Standards/ Amendments Notified but not yet Effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 01, 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

## Note 3: Investments

| | Face Value | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|
| | | Holdings As at | (₹ lakhs) | Holdings As at | (₹ lakhs) |
| **Non-Current Investments** | | | | | |
| **Trade Investments:** | | | | | |
| **Fully Paid Unquoted Equity Instruments** | | | | | |
| **Investments in Fellow Subsidiary Companies (At Cost)** | | | | | |
| ELEL Hotels and Investments Limited | 10 | 11,08,145 | 39.80 | 11,08,145 | 39.80 |
| Luthria and Lalchandani Hotels and Properties Private Limited | 100 | 50 | 0.05 | 50 | 0.05 |
| **Total** | | | **39.85** | | **39.85** |

## Note 4: Trade and Other Receivables

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **(Unsecured)** | | |
| Others: | | |
| Considered good | - | - |
| Credit impaired | - | - |
| | - | - |

**Footnote:**

**Trade Receivables ageing schedule given below :**

**Outstanding for following periods from due date of payment**

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | Less than 6 months (₹ lakhs) | Less than 6 months (₹ lakhs) |
|---|---|---|
| Undisputed Trade receivables – considered good | - | - |
| | - | - |
| Undisputed Trade Receivables – credit impaired | - | - |
| | - | - |
| | - | - |
| **Total** | - | - |

* Figures in italic are for previous year

## Note 5: Cash and Cash Equivalents

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| Balances with bank in current account | 14.98 | 10.29 |
| | **14.98** | **10.29** |

## Note 6: Bank Balances Other than Cash and Cash Equivalents

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Other Balances with banks** | | |
| Call and Short-term deposit accounts | 252.00 | 240.00 |
| | **252.00** | **240.00** |
| Less: Term Deposit with Bank maturing after 12 months from the Balance Sheet date and other Earmarked/ Margin Money/ Pledged deposits classified as Non-Current | - | - |
| | **252.00** | **240.00** |

## Note 7: Other Financial Assets

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Interest receivable** | | |
| Bank Deposits | 1.16 | 9.44 |
| Others | - | - |
| | **1.16** | **9.44** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 8: Share Capital

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Authorised/ Issues Share Capital** | | |
| Equity Shares | | |
| 10,00,000 (Previous year 10,00,000) | 100.00 | 100.00 |
| Equity Shares of ₹ 10/- each | | |
| | **100.00** | **100.00** |
| **Subscribed and Paid Up** | | |
| 10,00,000 (Previous year 10,00,000) | 100.00 | 100.00 |
| Equity Shares of ₹ 10/- each, Fully Paid | | |
| | **100.00** | **100.00** |

**Footnotes:**

i) There has been no change in the equity structure of the Company. No shares had been issued or bought back during the current and comparative periods.

ii) The ultimate Holiding Company of the Company is "The Indian Hotels Company Limited".

iii) Shares held by Holding Company:

| | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| Name of the Company | | |
| Holding Company | | |
| Skydeck Properties and Developers Private Limited | 10,00,000 | 10,00,000 |

iv) Shareholders holding more than 5% shares in the Company:

| | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| Skydeck Properties and Developers Private Limited | 10,00,000 | 10,00,000 |
| % of Holding | 100% | 100% |

v) The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held.

vi) Disclosure of Shareholding of Promoters as shown below:

| Shares held by promoters at the end of the year | | | % Change during the year |
|---|---|---|---|
| **Promoter name** | **No. of Shares** | **% of total shares** | |
| Skydeck Properties and Developers Private Limited | 10,00,000 | 100 % | - |

## Note 9: Other Equity

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Retained Earnings** | | |
| Opening Balance | 198.31 | 190.67 |
| Add: Current year profits | 8.30 | 7.64 |
| | **206.61** | **198.31** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 10: Trade Payables

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| Micro and Small Enterprises # | - | - |
| Others | | |
| Vendor Payables | - | - |
| Accrued expenses and others | 1.35 | 1.35 |
| | **1.35** | **1.35** |

**Footnote:**

**Trade Payables ageing schedule given below:**

**Outstanding for following periods from due date of payment**

| | Unbilled dues (₹ lakhs) | Total (₹ lakhs) |
|---|---|---|
| MSME # | - | - |
| | - | - |
| Others | 1.35 | 1.35 |
| | *1.35* | *1.35* |
| | **1.35** | **1.35** |
| | *1.35* | *1.35* |

* Figures in italic are for previous year

# There are no vendors identified on the basis of information checked by the management who fall under the definition of Micro & Small Enterprises as defined in the "Micro, Small and Medium Enterprises Development Act, 2006".

## Note 11: Other Financial Liabilities

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Payables on Current Account dues:** | | |
| Related Parties | - | - |
| | **-** | **-** |

## Note 12: Other Non-Financial Liabilities

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Current** | | |
| Statutory dues | 0.13 | 0.13 |
| | **0.13** | **0.13** |

## Note 13: Revenue from Operations

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| Consultancy Fees | 1.00 | 1.00 |
| **Total** | **1.00** | **1.00** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 14: Other Income

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks | 12.36 | 11.53 |
| | **12.36** | **11.53** |

## Note 15: General Expenses

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| **General expenses consist of the following :** | | |
| Rates and Taxes | 0.06 | 0.07 |
| Professional Fees | - | - |
| Audit Fees | | |
| As statutory auditors | 1.48 | 1.48 |
| As Others services | 0.06 | 0.06 |
| Other Expenses | 0.10 | 0.11 |
| **Total** | **1.70** | **1.72** |

## Note 16: Earnings Per Share "EPS"

Earnings Per Share is calculated in accordance with IND AS 33 – 'Earnings Per Share'.

| | March 31, 2023 (₹ lakhs) | March 31, 2022 (₹ lakhs) |
|---|---|---|
| Profit/ (Loss) after tax – (₹ lakhs) | 8.30 | 7.64 |
| Weighted Average Number of Equity Shares | 10,00,000 | 10,00,000 |
| Face Value per Equity Share | 10.00 | 10.00 |
| Earning Per Share – (₹) Basic and Diluted | 0.83 | 0.76 |

## Note 17: Fair Value of Financial Instruments

IND AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, bank fixed deposits, receivables etc. and approximate fair values due to the short-term nature of these account balances.

## Note 18: Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprise of cash, bank fixed deposits, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company manages and monitors these risks primarily through its operating and financing activities.

## Note 19: Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short-term deposits with reputable banks and financial institutions.

## Note 20: Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## Note 21: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the Company.

## Note 22: Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

## Note 23: Segment Reporting:

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## Note 24: Taxation

### Reconciliation of Tax Expense with the Effective Tax

(₹ lakhs)

| | March 31, 2022 | March 31, 2022 |
|---|---|---|
| Profit Before Tax | 11.66 | 10.81 |
| Income-tax rate as applicable @ 25.17 % (previous year @ 25.17%) | 2.94 | 2.73 |
| **Permanent Tax Difference** | | |
| Effect of expenses that are not deductible in determining taxable profit | 0.43 | 0.43 |
| | **3.37** | **3.16** |
| Prior Period Taxes | (0.01) | 0.01 |
| **Income Tax Expense Recognised in Statement of Profit & Loss** | **3.36** | **3.17** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 25: Capital Commitments

As at March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ Nil lakhs (March 31, 2022: ₹ Nil lakhs)

## Note 26: Related Party Transactions

a) The names of related parties of the Company are as under :

**Ultimate Holding Company**

- The Indian Hotels Company Limited

**Holding Company**

- Skydeck Properties and Developers Private Limited

**Subsidiary Companies**

- ELEL Hotels and Investments Limited
- Luthria and Lalchandani Hotel and Properties Private Limited

b) Transactions with related parties:

(₹ lakhs)

| Particulars | Ultimate Holding Company | | Subsidiaries | |
|---|---|---|---|---|
| | Transaction Amount | Outstanding Amount | Transaction Amount | Outstanding Amount |
| Payables | - | - | - | - |
| | - | - | - | - |
| Receivables | - | - | 1.00 | - |
| | - | - | *1.00* | - |

**Footnote:** Figures in Italics represent previous year figures.

## Note 27: Ratio Analysis

| Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | % of Variance |
|---|---|---|---|---|---|
| Current Ratio (Note i) | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | 181.18 times | 175.49 times | 3% |
| Debt – Equity (Note iii) | Non-Current Borrowings + Current Borrowings | Total Equity | NA | NA | NA |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

| | | | | | |
|---|---|---|---|---|---|
| Debt service coverage (Note iii) | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | NA | NA | NA |
| Return on Equity | Profit/(Loss) after tax | Average Total Equity | 3% | 3% | 6% |
| Inventory Turnover (Note iii) | NA | NA | NA | NA | NA |
| Trade Receivable Turnover (Note ii) | Revenue from operations | Average Trade Receivables | NA | 26.95 times | NA |
| Trade Payable Turnover | Total expenses - Depreciation - Interest - Payrol Cost | Average Trade Payables | 1.26 times | 1.26 times | - |
| Net Capital Turnover | Net Sales | Working Capital i.e (Average Current Assets - Average Current Liabilities) | 0.05 times | 0.05 times | - |
| Net Profit Ratio | Profit/(Loss) after tax | Total Income | 62% | 61% | 2% |
| Return on capital employed | EBIT | Average Equity + Average Debt + Average Leases | 4% | 4% | 5% |
| Return on Investment (Note iii) | NA | NA | NA | NA | NA |

**Footnotes:**

i) The ratio has improved in the current year vis a vis last year mainly on account of payment of liability.

ii) The ratio has improved due to reduction in debtors and improved collection.

iii) Ratio is not applicable to the Company.

**Note 28:** There were no Foreign Currency Transactions During the Current and Previous Year.

In terms of our report of even date

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on Behalf of the Board

**RAMANARAYANAN J.**
Partner
Membership No. 220369

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

## Form AOC - I

**(Pursuant to First Provison to sub-section (3) of Section 129 of the Companies Act, 2013, Read with Rule 5 of Companies (Accounts) Rules, 2014)**

**Statement Containing Salient Features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures**

### Part "A": Subsidiaries

| Sr. No. | Name of Subsidiary Company | The Date Since When Subsidiary was Acquired | Reporting Currency | Share Capital (₹ lakhs) | Reserves & Surplus (₹ lakhs) | Total Assets (₹ lakhs) | Total Liabilities (₹ lakhs) | Investments (₹ lakhs) | Turnover (₹ lakhs) | Profit/ (Loss) Before Taxation (₹ lakhs) | Provision for Taxation (₹ lakhs) | Profit/ (Loss) After Taxation (₹ lakhs) | Proposed Dividend (₹ lakhs) | Effective Shareholding (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

**Footnote**

Names of subsidiaries which are yet to commence operations – None

### Part "B": Associates and Joint Ventures

| Sr. No. | Name of Associates/ Joint Ventures | Latest Audited Balance Sheet Date | Date on Which the Associate or Joint Venture was Associated or Acquired | Shares Held by the Company on the Year End | | | Networth Attributable to Shareholding as per Latest Audited Balance Sheet (₹ lakhs) | Profit/ Loss for the Year | | Description of How There is Significant Influence | Reason Why the Associate/ Joint Venture is not Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | No. of Shares | Amount of Investment (₹ lakhs) | Extent of Holding % | | Considered in Consolidation (To the Extent of Group's Effective Shareholding) (₹ lakhs) | Not Considered in Consolidation (₹ lakhs) | | |
| | Associates | | | | | | | | | | |
| | Indian | | | | | | | | | | |
| 1 | ELEL Hotels and Investments Limited (Refer Note (iii)) | March 31, 2023 | January 15, 2010 | 11,08,145 | 39.80 | 39.28% | 20,981.86 | NA | NA | Note (ii) | Note (iii) |

**Notes:**

i) Names of Associates/ Joint Venture which are yet to commence operations – None

ii) There is significant influence due to percentage(%) of share holding (more than 20%).

iii) The Company, being intermediate holding company, is exempted from preparing consolidated financial statement.

For and on Behalf of the Board

**ASHOK BINNANI**
Director
DIN: 03326335

**HIMANSHU JAIN**
Director
DIN: 06890639

Place: Mumbai
Date: April 14, 2023

# Independent Auditors' Report

To the Members of ELEL Hotels and Investments Limited

## Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of ELEL Hotels and Investments Limited ("the Company"), which comprise the balance sheet as at March 31,2023 and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,2023, and loss and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 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

# Independent Auditor's Report (Contd.)

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, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 31 to the Ind AS financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend declared or paid during the year by the Company and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 1, 2023 only reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

No remuneration has been paid by the Company to its directors during the year and accordingly reporting on compliance with provisions of Section 197 is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

Place : Mumbai
Date : April 14, 2023

# Independent Auditor's Report (Contd.)

## Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of ELEL Hotels and Investments Limited ("the Company") on the financial statements as of and for the year ended March 31, 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company. Accordingly reporting on clause 3(i)(c) of the Order with respect to owned property is not applicable.

In respect of immovable properties of land taken on lease and disclosed as right of use assets in the financial statements, the lease/license agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and hence paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities as applicable.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax,

# Independent Auditor's Report (Contd.)

provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at March 31,2023 which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

| Name of the Statute | Nature of the Dues | Amount demanded (₹ lakhs) | Amount paid (₹ lakhs) | Period to which amount relates* | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act | Income Tax | 13.70 | 2.74 | AY 2017-18 | Commissioner of Income Tax (Appeals) |
| Income Tax Act | Income Tax | 63.40 | 12.68 | AY 2014-15 | Commissioner of Income Tax (Appeals) |
| Mumbai Municipal Corporation Act | Property Tax | 3969.78 | 2151.76# | 2010-23 | Bombay High Court |

* AY – Assessment year, FY – Financial year

# - Paid basis directions from Supreme Court to continue its interim order dated 07.09.2018 till the disposal of the main Writ Petition pending before the Bombay High Court

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

# Independent Auditor's Report (Contd.)

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act 2013 due to the size and nature of its business. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

# Independent Auditor's Report (Contd.)

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred cash loss of ₹ 305.75 lakhs in the financial year and ₹ 305.97 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) As the Company is not required to spend any amount under section 135 of the Companies Act for the financial year, paragraph 3(xx) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

Place : Mumbai
Date : April 14, 2023

# Independent Auditor's Report (Contd.)

## Annexure B

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

**Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of **ELEL Hotels and Investments Limited** ("the Company") as of March 31,2023 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance

# Independent Auditor’s Report (Contd.)

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 with reference to financial statements

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31,2023 based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

Place : Mumbai
Date : April 14, 2023

# Balance Sheet
as at March 31, 2023

(₹ lakh)

| Particulars | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | - | - |
| Right-of-use assets | 4 | 70.04 | 71.54 |
| Capital work-in-progress | 3 | 4,749.04 | 4,749.04 |
| Intangible assets | 5 | 51,904.81 | 53,017.05 |
| | | **56,723.89** | **57,837.63** |
| **Financial assets** | | | |
| Investments | 6(a) | 0.93 | 0.93 |
| Other non current financial assets | 9(a) | 1.02 | 1.02 |
| Advance Income Tax | | 907.60 | 896.18 |
| Other non-current assets | 10(a) | 958.85 | 958.85 |
| | | **58,592.29** | **59,694.61** |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 6(b) | - | - |
| Cash and cash equivalents | 7 | 518.58 | 423.66 |
| Bank Balances other than Cash and Cash Equivalent | 8 | 59.27 | 56.57 |
| Other financial assets | 9(b) | 9.28 | 6.61 |
| Other current assets | 10(b) | - | 0.24 |
| | | **587.13** | **487.08** |
| **Total** | | **59,179.42** | **60,181.69** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 11 | 282.09 | 282.09 |
| Other equity | 12 | 53,134.04 | 53,853.44 |
| **Total equity** | | **53,416.13** | **54,135.53** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 75.68 | 75.75 |
| | | **75.68** | **75.75** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 0.08 | 0.08 |
| Trade payables | 13 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 14.06 | 13.37 |
| Other financial liabilities | 14 | 1,259.03 | 910.90 |
| Provisions | 15 | 1,675.47 | 1,605.71 |
| Current tax provisions | | 2,738.71 | 3,438.71 |
| Other current liabilities | 16 | 0.26 | 1.64 |
| | | **5,687.61** | **5,970.41** |
| **Total** | | **59,179.42** | **60,181.69** |
| **Summary of significant accounting policies** | 2 | | |
| **The accompanying notes form an integral part of the financial statements** | | | |

In terms of our report of even date

**For and on behalf of the Board**

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-Apr-2023

Place : Mumbai
Date : 14-April-2023

# Statement of Profit and Loss
for the period ended March 31, 2023

(₹ lakh)

| Particulars | Note | March 31, 2023 | Mar 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Other income | 17 | 16.57 | 17.28 |
| **Total income** | | **16.57** | **17.28** |
| **Expenses** | | | |
| Finance cost | 18 | 7.47 | 7.48 |
| Depreciation & Amortisation | 3 / 4 | 1,113.74 | 1,113.74 |
| Other operating and general expenses | 19 | 314.76 | 315.06 |
| **Total expenses** | | **1,435.97** | **1,436.28** |
| **Profit/ (Loss) before exceptional items and tax** | | **(1,419.40)** | **(1,419.00)** |
| **Exceptional items** | | - | - |
| **Profit/ (Loss) before tax** | | **(1,419.40)** | **(1,419.00)** |
| **Tax expenses:** | | | |
| Current tax | | (700.00) | - |
| Deferred tax | | - | - |
| **Total taxes** | | **(700.00)** | **-** |
| **Profit/ (Loss) after tax** | | **(719.40)** | **(1,419.00)** |
| **Other Comprehensive Income** | | | |
| other comprehensive Income for the period | | - | - |
| **Total Comprehensive Income for the period** | | **(719.40)** | **(1,419.00)** |
| **Earnings per equity share:** | 20 | | |
| Basic - (₹) | | (25.50) | (50.30) |
| Diluted - (₹) | | (25.50) | (50.30) |
| Face value per ordinary share - (₹) | | 10.00 | 10.00 |
| **Summary of Significant Accounting Policies** | 2 | | |
| **The accompanying notes form an integral part of the Financial Statements** | | | |

In terms of our report of even date

**For and on behalf of the Board**

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-Apr-2023

Place : Mumbai
Date : 14-April-2023

# Statement of Changes in Equity
as at March 31, 2023

## For the Period ended March 31, 2023

(₹ lakh)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Balance as at April 1, 2021** | 282.09 | 16,415.23 | 70,749.87 | (31,892.66) | **55,272.44** |
| Loss for the year ended March 31, 2022 | - | - | - | (1,419.00) | **(1,419.00)** |
| **Total Comprehensive Income for the year ended March 31, 2022** | **-** | **-** | **-** | **(1,419.00)** | **(1,419.00)** |
| **Balance as at March 31, 2022** | **282.09** | **16,415.23** | **70,749.87** | **(33,311.66)** | **53,853.44** |
| Loss for the year ended March 31, 2023 | - | - | - | (719.40) | **(719.40)** |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **-** | **-** | **(719.40)** | **(719.40)** |
| **Balance as at March 31, 2023** | **282.09** | **16,415.23** | **70,749.87** | **(34,031.06)** | **53,134.04** |

**Summary of significant accounting policies** 2
**The accompanying notes form an integral part of the Financial Statements**

In terms of our report of even date

**For and on behalf of the Board**

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-Apr-2023

Place : Mumbai
Date : 14-April-2023

# Cash Flow Statement
for the Period ended March 31, 2023

(₹ lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| **Profit Before Tax** | (1,419.40) | (1,419.00) |
| **Adjustments For :** | | |
| Depreciation and Amortisation | 1,112.24 | 1,112.24 |
| Depreciation on Right-of-use-assets | 1.50 | 1.50 |
| Interest on lease liability | 7.47 | 7.48 |
| Gain on fair value of current investment | - | (0.63) |
| Profit on sale of current investment | - | - |
| Interest Income | (16.57) | (16.65) |
| Provision for Contingencies | 69.75 | 69.75 |
| | **1,174.39** | **1,173.69** |
| Cash Operating Profit before working capital changes | (245.01) | (245.31) |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Loans and advances | (0.80) | (0.36) |
| Other Current Assets | 0.24 | (0.24) |
| Other Non-Current Assets | - | (0.18) |
| | **(0.56)** | **(0.78)** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade Payables | 0.70 | 0.24 |
| Other Liabilities | 346.77 | 109.32 |
| | **347.47** | **109.56** |
| Cash Generated from Operating Activities | 101.90 | (136.53) |
| Direct Taxes (Paid) / Refunded | (11.42) | (1.75) |
| **Net Cash Generated From Operating Activities (A)** | **90.48** | **(138.28)** |
| **Cash Flow From Investing Activities** | | |
| Purchase of Property, Plant and Equipment | - | (30.76) |
| Sale of current Investments | - | 32.17 |
| Bank Balances not considered as Cash & Cash Equivalents | (2.70) | (2.98) |
| Interest Received | 14.70 | 18.85 |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **12.00** | **17.28** |
| **Cash Flow From Financing Activities** | | |
| Payment of lease liabilities | (7.56) | (7.56) |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **(7.56)** | **(7.56)** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | 94.92 | (128.56) |
| **Cash and Cash Equivalents - Opening** | 423.66 | 552.22 |
| **Cash and Cash Equivalents - Closing** | 518.58 | 423.66 |
| Summary of Significant Accounting Policies | 2 | |
| The accompanying notes form an integral part of the Financial Statements | | |

In terms of our report of even date

**For and on behalf of the Board**

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-Apr-2023

Place : Mumbai
Date : 14-April-2023

# Notes to Financial Statements
for year ended March 31, 2023

## Note 1. Corporate Information

ELEL Hotels & Investments Limited ("ELEL" or the "Company"), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956 on July 9th, 1969.

## 2. Significant Accounting Policies

### a) Basis of Preparation and Presentation:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

### b) Critical Accounting Estimates and Judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value in use and fair value less cost to disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic comparable recent transactions and other market conditions.

- **Impairment of Investments** The Company reviews its carrying value of investment in subsidiary carried at cost less impairment (if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Impact of COVID-19 Pandemic - Disruption and Uncertainty in Business**

  The Company has assessed potential impact of Covid-19 on the carrying value of non-current assets, investments and other current assets appearing in the financial statements of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets.

  These financial statements represent the separate financial statements of the Company. The Ministry of Corporate Affairs (MCA) through its circular dated 27 July 2016 has exempted a company from preparing and filing of consolidated financial statements if its ultimate or intermediate holding company is filing consolidated financial statements.

  Further Sub - Para (iv) to Para 4 of Ind AS 110 - Consolidated Financial Statements exempts a company from consolidation if its ultimate parent produces Ind AS complied consolidated financial statement, which are available for public use.

  In view of above exemptions, the Company is not required to file the consolidated financial statements.

  The Company has complied with Ind AS 27: Separate financial statements whereby investments in subsidiaries are to be valued either

  - at cost; or
  - in accordance with Ind AS 109.

  The Company has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 at original cost of investment in subsidiaries.

**c) Revenue Recognition**

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividends**

Dividend income is recognised when the Company's right to receive the amount is established.

**d) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

Depreciation is charged to profit or loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for temporary improvements which are depreciated fully the same year of capitalisation.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

**e) Intangible Assets:**

Intangible assets includes lease acquisition rights and cost of acquired software Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

Lease acquisition rights are amortised from the acquisition date over the balance period of the lease.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**f) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## g) Foreign Currency Transactions

The functional currency of the Company is Indian rupee (₹).

### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

## h) Taxes on Income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### (i) Current Tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### (ii) Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**i) Borrowing Costs:**

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

**j) Leases:**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's Balance Sheet as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification,

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities and
- payments for the principal and interest elements of recognised lease liabilities are presented within cash flows from financing activities

**k) Provisions, Contingent Liabilities, and Contingent Assets**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**m) Earnings Per Share**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**n) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

### Financial Assets:

#### Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent Measurement:

#### Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Equity Investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

**Financial Liabilities at Fair Value through Profit or Loss**

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

**Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## Recent Accounting and Other Pronouncements

**a) New Accounting Standards/Amendments notified and adopted by the Company:**

The Company has applied the following amendments for the first time for their annual reporting period commencing April 1, 2022:

**Ind AS 16 – Property Plant and equipment-**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

**Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –**

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**b) New Standards/Amendments notified but not yet effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –
Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes –

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 3. Property, Plant and Equipment (Owned, unless otherwise stated)

(₹ lakh)

| | Office equipments | Total | Capital work in progress |
|---|---|---|---|
| **Cost (Refer Footnote below)** | | | |
| **At April 1, 2021** | **8.14** | **8.14** | **4,718.28** |
| Additions | - | - | 30.76 |
| Adjustment | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2022** | **8.14** | **8.14** | **4,749.04** |
| Additions | - | - | - |
| Adjustments | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2023** | **8.14** | **8.14** | **4,749.04** |
| **Depreciation** | | | |
| At April 1, 2021 | 8.14 | 8.14 | - |
| Charge for the period | - | - | |
| Adjustments | - | - | - |
| Disposals | - | - | |
| **At March 31, 2022** | **8.14** | **8.14** | **-** |
| Charge for the period | - | - | - |
| Adjustments | - | - | - |
| Disposals | - | - | |
| **At March 31, 2023** | **8.14** | **8.14** | **-** |
| **Net Block** | | | |
| **At March 31, 2022** | **-** | **-** | **4,749.04** |
| **At March 31, 2023** | **-** | **-** | **4,749.04** |

Footnote:

On transition to Ind AS, carrying value of all the tangible assets under the previous GAAP is considered as the deemed cost under Ind AS. All accumulated depreciations were accordingly adjusted from the cost as on April 1, 2015.

### As at March 31, 2023

(i) Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given: CWIP aging schedule.
CWIP pertains to the development of a hotel property in Mumbai. The project could not be commenced and pending regulatory approval. The company is liaisoning with the authority for the approval and submitting information as required by them.

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | - | 30.76 | - | 4,718.28 | 4,749.04 |
| **Total** | **-** | **30.76** | **-** | **4,718.28** | **4,749.04** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

**As at March 31, 2022**

(i) Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given: CWIP aging schedule

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | 30.76 | - | 8.45 | 4,709.83 | 4,749.04 |
| **Total** | **30.76** | **-** | **8.45** | **4,709.83** | **4,749.04** |

## 4. Right-of-use Assets

(₹ lakh)

| | Leasehold Land | Total |
|---|---|---|
| **At April 1, 2021** | | |
| Opening Balance | 76.04 | 76.04 |
| Additions | - | - |
| Deductions for the period | - | - |
| **At March 31, 2022** | **76.04** | **76.04** |
| Additions | - | - |
| Deductions for the period | - | - |
| **At March 31, 2023** | **76.04** | **76.04** |
| Depreciation | | |
| **At April 1, 2021** | 3.00 | 3.00 |
| Charge for the period | 1.50 | 1.50 |
| Deduction for the period | - | - |
| **At March 31, 2022** | **4.50** | **4.50** |
| Charge for the period | 1.50 | 1.50 |
| Deduction for the period | - | - |
| **At March 31, 2023** | **6.00** | **6.00** |
| **Net Block** | | |
| **At March 31, 2022** | **71.54** | **71.54** |
| **At March 31, 2023** | **70.04** | **70.04** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 5. Intangible Assets (Acquired)

(₹ lakh)

| | Leasehold property Rights | Total |
|---|---|---|
| Cost (Refer Footnotes below) | | |
| At April 1, 2021 | 60,802.70 | 60,802.70 |
| Additions | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2022** | **60,802.70** | **60,802.70** |
| Additions | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2023** | **60,802.70** | **60,802.70** |
| **Amortisation** | | |
| At April 1, 2021 | 6,673.41 | 6,673.41 |
| Charge for the period | 1,112.24 | 1,112.24 |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2022** | **7,785.65** | **7,785.65** |
| Charge for the period | 1,112.24 | 1,112.24 |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2023** | **8,897.89** | **8,897.89** |
| **Net Block** | | |
| **At March 31, 2022** | **53,017.05** | **53,017.05** |
| **At March 31, 2023** | **51,904.81** | **51,904.81** |

Footnote:

i On transition to Ind AS, carrying value of all the intangible assets under the previous GAAP is considered as the deemed cost under Ind AS. All accumulated amortisation was accordingly adjusted from the cost as on April 1, 2015.

ii Pursuant to the Scheme of Amalgamation dated April 1, 2006, all the assets and liabilities including the existing assets and liabilities of the Company were recorded by the Company at their respective fair values as on the appointed date i.e. April 1, 2006 determined by an independent Government approved valuer. This resulted into a gain of ₹ 70,652.96 Lakhs on fair valuation of leasehold land owned by the Company. As prescribed in the Scheme of Amalgamation and approved by the Honourable High Court, Mumbai the increase in book value arising on fair valuation of leasehold land of the Company has been credited to General Reserve.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 6. Investments

| | Face Value | March 31, 2023 Holdings no. of Shares | March 31, 2023 ₹ lakhs | March 31, 2022 Holdings no. of Shares | March 31, 2022 ₹ lakhs |
|---|---|---|---|---|---|
| **a) Non Current Investments** | | | | | |
| Trade Investments : | | | | | |
| **Fully Paid Unquoted Equity Instruments** | | | | | |
| **Investments in Subsidiary Companies (At Cost)** | | | | | |
| Luthria and Lalchandani Hotels and Properties Private Limited | 100 | 900 | 0.82 | 900 | 0.82 |
| | | | **0.82** | | **0.82** |
| **Others** | | | | | |
| National Savings Certificates 'NSC' (Refer note below) | | | 0.11 | | 0.11 |
| **Footnote** | | | | | |
| NSC pledged as security with Accounts Officer, State Excise, Mumbai | | | | | |
| | | | **0.93** | | **0.93** |

| | March 31, 2023 Holdings no. of Shares | March 31, 2023 ₹ lakhs | March 31, 2022 Holdings no. of Shares | March 31, 2022 ₹ lakhs |
|---|---|---|---|---|
| **b) Investments in Mutual Fund Units** | | | | |
| Tata Liquid Fund Regular Plan - Growth | - | - | - | - |
| Tata Overnight Fund Plan - Growth | - | - | - | - |
| **Total** | | - | | - |

## 7. Cash and Cash Equivalents

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 0.05 | 0.04 |
| Balances with bank in current account | 18.53 | 23.62 |
| Balances with bank in call and short term deposit account | 500.00 | 400.00 |
| (Original maturity less then 3 months) | | |
| | **518.58** | **423.66** |

## 8. Bank Balances other than Cash and Cash Equivalent

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Balances with banks** | | |
| Call and Short-term deposit accounts | - | - |
| Margin money deposits | 59.27 | 56.57 |
| | **59.27** | **56.57** |

Term Deposit with Bank maturing after 12 months from the Balance Sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 9. Other Financial Assets

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **a) Non Current** | | |
| Deposits with Public Bodies and Others at amortised costs | | |
| Public Bodies and Others | 1.02 | 1.02 |
| | **1.02** | **1.02** |
| **b) Current** | | |
| Interest receivable | 5.00 | 3.13 |
| Others | - | - |
| | **5.00** | **3.13** |
| **On Current Account dues :** | | |
| Related Parties | 4.28 | 3.48 |
| Others | - | - |
| | **4.28** | **3.48** |
| | **9.28** | **6.61** |

## 10. Other Assets

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Non Current** | | |
| Capital advances | - | - |
| Deposits with Government Authoritites | 958.85 | 958.85 |
| | **958.85** | **958.85** |
| **Current** | | |
| Prepaid Expenses | - | - |
| Others | - | 0.24 |
| | **-** | **0.24** |

Footnote:

This includes ₹ 954 Lakhs paid to Muncipal Coporation of Greater Mumbai "MCGM" in respect of a property tax matter which the Company has paid under protest.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 11. Share Capital

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| **Equity Shares** | | |
| 30,00,000 (Previous year - 30,00,000) | 300.00 | 300.00 |
| Equity Shares of ₹ 10/- each | | |
| | **300.00** | **300.00** |
| **Issued Share Capital** | | |
| 28,20,887 (Previous year - 28,20,887) | 282.09 | 282.09 |
| Equity Shares of ₹ 10/- each | | |
| | **282.09** | **282.09** |
| **Subscribed and Paid Up** | | |
| 28,20,887 (Previous year - 28,20,887) | 282.09 | 282.09 |
| Equity Shares of ₹ 10/- each, Fully Paid | | |
| | **282.09** | **282.09** |

Footnotes:

i) There has been no change in the equity structure of the Company. No shares had been issued or buy back during the current and comparative periods.

ii) The Ultimate Holding Company of the Company is "The Indian Hotels Company Limited".

iii) Shares held by the Holding Company along with its subsidiaries and associates Companies are as below:

(₹ lakh)

| | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|
| **Name of the Company** | | |
| **Intermediate Holding Company** | | |
| Skydeck Properties and Developers Private Limited | 13,09,896 | 13,09,896 |
| **Fellow Subsidiary Company** | | |
| Sheena Investments Private Limited | 11,08,145 | 11,08,145 |
| iv) Shareholders holding more than 5% shares in the Company Promoter | | |
| Skydeck Properties and Developers Private Limited | 13,09,896 | 13,09,896 |
| % of Holding | 46.44% | 46.44% |
| Sheena Investments Private Limited | 11,08,145 | 11,08,145 |
| % of Holding | 39.28% | 39.28% |
| The Indian Hotels Company Limited | 4,02,846 | - |
| % of Holding | 14.28% | - |
| Excalibur Assets and Capital Management Pvt. Ltd | - | 3,98,090 |
| % of Holding | - | 14.11% |

v) The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proporation to their shareholding.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 12. Other Equity

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Securities Premium** | | |
| Opening and Closing Balance | 16,415.23 | 16,415.23 |
| **General Reserve** | | |
| Opening and Closing Balance | 70,749.87 | 70,749.87 |
| (Refer footnote (ii) to note 5 ) | | |
| **Retained Earnings** | | |
| Deficit at the beginning of the year | (33,311.66) | (31,892.66) |
| Add: Current period loss | (719.40) | (1,419.00) |
| **Closing Retained Earnings** | **(34,031.06)** | **(33,311.66)** |
| **Reserves and Surplus Total** | **53,134.04** | **53,853.44** |

## 13. Trade Payables

(₹ lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payable to Micro and Small Enterprises | - | - |
| Others | | |
| Vendor Payables | 4.51 | 7.48 |
| Accrued expenses and others | 9.55 | 5.89 |
| | **14.06** | **13.37** |

Footnote :

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid / payable under the MSMED Act, have not been given.

### Trade Payables ageing schedule

### as at March 31, 2023

(₹ lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | - | 3.61 | - | - | 0.90 | 4.51 |
| (iii) Accrued Expenses | 9.55 | - | - | - | - | 9.55 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **9.55** | **3.61** | **-** | **-** | **0.90** | **14.06** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### Trade Receivables ageing schedule as at March 31, 2022

(₹ lakh)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | - | 6.56 | - | - | 0.91 | 7.47 |
| (iii) Accrued Expenses | 5.89 | - | - | - | - | 5.89 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **5.89** | **6.56** | **-** | **-** | **0.91** | **13.36** |

## 14. Other Financial liabilities

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other payables** | | |
| Related Parties | - | 0.12 |
| Others | 1,251.99 | 903.74 |
| | **1,251.99** | **903.86** |
| **Deposits from others** | | |
| Unsecured | 7.04 | 7.04 |
| | **7.04** | **7.04** |
| | **1,259.03** | **910.90** |

## 15. Provisions

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| A) Short term provisions | | |
| Provision for Contingencies (Refer Footnote (i)) | 1,675.47 | 1,605.71 |
| Others | - | - |
| | **1,675.47** | **1,605.71** |

Footnote:

(i) Provision for Contingencies include provisions for the following:

(₹ lakh)

| | Opening Balance | Addition | (Deletion) | Closing Balance |
|---|---|---|---|---|
| Disputed claims for taxes , levies and duties | **1,388.01** | **262.33** | **192.57** | **1,457.77** |
| | *1,318.26* | *262.34* | *192.58* | *1,388.01* |
| Disputes in respect of Employee settlement | **217.70** | **-** | **-** | **217.70** |
| | *217.70* | *-* | *-* | *217.70* |
| **Total** | **1,605.71** | **262.33** | **192.57** | **1,675.47** |
| | *1,535.96* | *262.34* | *192.58* | *1,605.71* |

a) The above matters are under litigation/ negotiation and the timing of the cash flows cannot be currently determined.

b) Figures in italics are in respect of previous year.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 16. Other non financial Liabilities

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Statutory dues | 0.26 | 1.63 |
| Others | - | - |
| | **0.26** | **1.63** |

## 17. Other Income

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Income from financial assets at amortised cost | | |
| Inter-corporate deposits | - | - |
| Deposits with Bank | 16.43 | 16.65 |
| | **16.43** | **16.65** |
| Interest on Income Tax Refunds | 0.14 | - |
| **Total** | **16.57** | **16.65** |
| Profit on sale of current investment | - | - |
| Gain on Current Investments carried at fair value | - | 0.63 |
| Others | - | - |
| **Total** | **16.57** | **17.28** |

## 18. Finance Cost

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest on Lease liability | 7.47 | 7.48 |
| **Total** | **7.47** | **7.48** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 19. Other Operating and General Expenses

(₹ lakh)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **(i)** | **Operating expenses consist of the following :** | | |
| | Fuel, Power and Light | 4.46 | 3.81 |
| | Repairs to Others | 9.68 | 2.27 |
| | Payment to security Agency | 34.54 | 33.79 |
| | Other Operating Expenses | 0.72 | 1.02 |
| | **Total** | **49.40** | **40.89** |
| **(ii)** | **General expenses consist of the following :** | | |
| | Rent | 69.74 | 69.74 |
| | Rates and Taxes | 185.36 | 185.18 |
| | Printing and Stationery | 0.13 | 0.10 |
| | Professional Fees | 5.19 | 13.26 |
| | Directors' fees | - | 0.71 |
| | Payment made to Statutory Auditors (Refer Footnote (a)) | 4.66 | 4.81 |
| | Other Expenses | 0.28 | 0.37 |
| | | **265.36** | **274.17** |
| | **Total** | **314.76** | **315.06** |

Footnotes:

(₹ lakh)

| | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **a)** | **Payment made to Statutory Auditors:** | | |
| | As auditors | 4.13 | 4.13 |
| | For other services | 0.53 | 0.68 |
| | | **4.66** | **4.81** |

## 20. Earnings Per Share (EPS)

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Earnings Per Share is calculated in accordance with IND AS 33 - 'Earnings Per Share'.** | | |
| Profit / (Loss) after tax - (₹ Lakhs) | (719.40) | (1,419.00) |
| Weighted Average Number of Equity Shares | 28,20,887 | 28,20,887 |
| Face Value per Equity Share | 10.00 | 10.00 |
| Earning Per Share - (₹) Basic and Diluted | (25.50) | (50.30) |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 21. Fair Value of Financial Instruments.

Ind AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short term nature of these account balances.

The current investments in Mutual Funds are valued and carried at the net asset value as published by respective Mutual Fund Houses.

## 22. Financial Risk Management Objectives and Policies

Financial instruments held by the company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company manages and monitors these risks primarily through its operating and financing activities.

## 23. Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

## 24. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## 25. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the company.

## 26. Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 27. Segment Reporting:

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## 28. Tax Disclosure.

### a) Income tax recognised in the statement of profit and loss :

(₹ lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | - | - |
| In respect of earlier years | (700.00) | - |
| **Deferred Tax** | | |
| In respect of the current year | - | - |
| In respect of earlier years | - | - |
| **Total tax expense recognised in the current year.** | **(700.00)** | **-** |

### b) Reconciliation of tax expense with the effective tax

(₹ lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Profit / (Loss) before tax | (1419.41) | (1419.00) |
| Income-tax rate as applicable @ 26% (previous year @ 26%) | (369.05) | (368.94) |
| Effect of expenses that are not deductible in determining taxable profit | 289.92 | 290.30 |
| Effect of income that is exempt from taxation (like dividend income) | | |
| Others | - | (0.56) |
| Deferred tax asset not recognised in statement of profit & loss | **79.13** | **79.20** |
| **Tax Expenses recognised in Profit & Loss** | - | - |
| Prior year taxes as shown above | (700.00) | - |
| **Income tax recognised in the statement of profit and loss** | **(700.00)** | **-** |

### c) Deferred Tax

(₹ lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Unabsorbed tax losses/depreciation for which no deferred tax asset has been recognised | 1,272.89 | 1,014.59 |
| Deferred tax asset not created @ 26 % (Previous year @ 26%) | 330.95 | 263.79 |

Footnote:

a. These tax loss carry forwards of approximately ₹ 1272.89 lakhs and ₹ 1014.59 as at March 31, 2023 and March 31, 2022 respectively, expires in various years through fiscal 2030. Due to continuing losses, no deferred tax asset has been created on prudent basis.

## 29. Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ Nil lakhs (March 31, 2022 : ₹ Nil lakhs)

**30.** The Company has issued bank guarantee of ₹ 50 lakhs (March 31,2022: ₹ 50 lakhs) to Municipal Corporation of Greater Mumbai for certain development work in site for Solid Waste Management. The Company had deposited equivalent amount with the bank for the issuance of this guarantee.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 31. Contingent Liabilities

(₹ lakh)

| Particulars | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| a) | Income Tax Including interest | - | - |
| | (Demands raised under Income-tax Act, 1961 in respect of assessment years 1988-89, 1989-90, 1991-92, 1992-93, and 1996-97 where the matter is under appeal with High Court) | | |
| | Demand raised under Income-tax Act, 1961 in respect of assessment year 2017-18 & 2014-15 | 77.11 | 77.11 |
| b) | Property tax | 2,272.01 | 2,148.30 |
| | (Also refer note # 10 for amount paid under protest) | | |

**32.** The Company is engaged in business of hoteliering. It has the leasehold rights for the site where erstwhile 'Sea Rock' hotel stood which was demolished for redevelopment. Currently, the plan for re-building of the hotel is under consideration pending regulatory approvals.

## 33. Ind AS – 116 "Leases"

The Company's leased assets mainly comprise land parcel. The term of property lease is 99 years. The lease term remaining as on Balance Sheet date is 46 years.

### a. Total lease liabilities are analysed as follows:

(₹ lakh)

| Denominated in the following currencies: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Indian Rupees | 75.75 | 75.84 |
| | - | - |
| **Total** | **75.75** | **75.84** |
| Analysed as | | |
| Current | 00.08 | 00.09 |
| Non-current | 75.68 | 75.75 |
| **Total** | **75.75** | **75.84** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

### b. Amounts recognised in Profit or Loss

The following amounts were recognised as expense in the year:

(₹ lakh)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation of right-of-use assets | 1.50 | 1.50 |
| Expense relating to variable lease payments | 69.75 | 69.75 |
| Expense relating to short-term leases and low-value assets | - | - |
| Interest on lease liabilities | 7.47 | 7.49 |
| **Total recognised in the Statement of profit & loss** | **78.72** | **78.74** |

Variable lease payments represent amount payable to Govt of Maharashtra towards ground rent for leasehold land, the amount for which is assessed every 15 years.

### c. Exposure to Future Cash Flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

(₹ lakh)

| Maturity analysis: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Less than 1 year | 7.55 | 7.55 |
| Between 1 and 2 years | 7.55 | 7.55 |
| Between 2 and 5 years | 22.67 | 22.67 |
| More than 5 years | 309.86 | 317.41 |
| **Total** | **347.63** | **355.18** |

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## 34. Ratios

| Sr No | Ratio | in times/% | Current Year | Previous Year | Numerator | Denominator | Variance |
|---|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 0.10 | 0.08 | Current Assets | Current Liabilities excluding current maturities of long term borrowings | 27% |
| b) | Debt - Equity | in times | - | - | Non - Current Borrowings + Current Borrowings | Total Equity | - |
| c) | Debt service coverage | in times | - | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | - |
| d) | Return on Equity | in % | (1.35) | (2.62) | Profit/(Loss) after tax | Average Total Equity | (49%) |
| e) | Inventory Turnover | | NA | NA | NA | NA | |
| f) | Trade Receivable Turnover | in times | - | - | Revenue from operations | * Average Trade Receivables | |
| g) | Trade Payable Turnover | in times | 22.39 | 23.56 | Total expenses - Depreciation - Interest - Payrol Cost | * Trade Payables | (5%) |
| h) | Net Capital Turnover | in times | - | - | Net Sales | * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) | |
| i) | Net Profit Ratio | in % | (43.42) | (82.12) | Profit/(Loss) after tax | Total Income | (47%) |
| j) | Return on capital employed | in % | - | - | EBIT | * Avg Equity + Avg Debt + Avg Leases | 4% |
| k) | Return on Investment | in % | NA | NA | NA | NA | |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## 35. Related Party Transactions

### a. The names of related parties of the Company are as under :

Ultimate Holding Company

– The Indian Hotels Company Limited

Intermediate Holding Company

– Skydeck Properties and Developers Private Limited

Fellow subsidiary and significant shareholder

– Sheena Investments Private Limited

Subsidiary

– Luthria and Lalchandani Hotel and Properties Private Limited

### b. Transactions with related parties :

(₹ lakh)

| Particulars of transactions | Holding Company | | Subsidiary / Fellow subsidiary | | Other related Parties | |
|---|---|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| Payables | | | | | | |
| Current account due | - | - | - | - | - | - |
| | - | *0.12* | - | - | - | - |
| Consultancy Fees incurred | - | - | 1.00 | - | - | - |
| | - | - | *1.00* | - | - | - |
| Receivables | | | | | | |
| Current account | - | - | - | 4.28 | - | - |
| | - | - | - | *3.48* | - | - |

Footnote : Figures in Italic represent previous year figures.

**36.** There are no foreign currency transactions during the current and previous year.

In terms of our report of even date

**For and on behalf of the Board**

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN: 23220369BGUYJX7251

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-Apr-2023

Place : Mumbai
Date : 14-April-2023

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

## Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

### Part "A" : Subsidiaries

| Sr. No | Name of Subsidiary Company | The date since when subsidiary was acquired | Reporting Currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Invest-ments | Turnover | Profit/ (Loss) before taxation | Provision for taxation | Profit/ (Loss) after taxation | Proposed Dividend | Effective share-holding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | (%) |
| | **Indian** | | | | | | | | | | | | | |
| 1 | Luthria and Lalchandani Hotel and Properties Private Limited | | INR | 1.00 | (6.03) | 1.48 | 6.50 | - | - | (0.62) | - | (0.62) | - | 90% |

Footnotes:

i) The financial statements of the subsidiary is drawn upto the same reporting date as that of the Parent Company, i.e., March 31, 2023

### Part "B" : Associates and Joint Ventures

Not applicable

**For and on behalf of the Board**

**Beejal Desai**
Director
DIN : 03611725

**Nabakumar Shome**
Director
DIN : 03605594

Place : Mumbai
Date : 14-April-2023

# Independent Auditor's Report

To the Members of **Luthria and Lalchandani Hotel and Properties Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Luthria and Lalchandani Hotel and Properties Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and loss and other comprehensive income, changes in equity 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend declared or paid during the year by the Company and accordingly reporting on compliance with Section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 01, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16): No remuneration has been paid by the Company to its directors during the year and accordingly reporting on compliance with provisions of Section 197 is not applicable.

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579

Place of Signature: Mumbai
Date: April 18, 2023

# Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Luthria and Lalchandani Hotel and Properties Private Limited ("the Company") on the financial statements as of and for the year ended March 31, 2023.**

(i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) Based on our audit procedures & according to the information and explanation given to us, during the year, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under Section 185 and Section 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared wilful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short-term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle-blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act, 2013. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred cash loss of ₹62,320 in the financial year and ₹39,400 in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As the Company is not required to spend any amount under Section 135 of the Companies Act for the financial year, paragraph 3(xx) of the Order is not applicable to the Company.

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579

Place of Signature: Mumbai
Date: April 18, 2023

# Annexure B

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

## Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of **Luthria and Lalchandani Hotel and Properties Private Limited** ("the Company") as of March 31, 2023 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

# Annexure B (Contd.)

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

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579

Place of Signature: Mumbai
Date: April 18, 2023

# Balance Sheet
as at March 31,2023

(₹ 000)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Financial assets | | | |
| Other non-current assets | 3 | 136.33 | 136.33 |
| **Current assets** | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 11.26 | 11.26 |
| **Total** | | **147.59** | **147.59** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 5 | 100.00 | 100.00 |
| Other equity | 6 | (602.68) | (540.36) |
| **Total Equity** | | **(502.68)** | **(440.36)** |
| **Current Liabilities** | | | |
| **Financial liabilities** | | | |
| Trade payables | 7 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 29.81 | 29.81 |
| Other financial liabilities | 8 | 618.45 | 556.14 |
| Other current liabilities | 9 | 2.00 | 2.00 |
| | | **650.26** | **587.94** |
| **Total** | | **147.59** | **147.59** |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes form an integral part of the financial statements | | | |

**In terms of our report of even date**

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579
Place: Mumbai
Date: April 18, 2023

**For and on behalf of the Board**

**Himanshu Jain**
Director
DIN: 06890639

**Ashok Binnani**
Director
DIN: 03326335

# Statement of Profit and Loss

for the year ended March 31, 2022

(₹ 000)

| | Note | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Other income | 10 | - | - |
| **Total Income** | | **-** | **-** |
| **Expenses** | | | |
| Other operating and general expenses | 11 | 62.32 | 39.40 |
| **Total Expenses** | | **62.32** | **39.40** |
| **Profit/ (Loss) before exceptional items and tax** | | (62.32) | (39.40) |
| **Exceptional items** | | - | - |
| **Profit/ (Loss) before tax** | | **(62.32)** | **(39.40)** |
| **Tax expenses** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total** | | **-** | **-** |
| **Profit/ (Loss) after tax** | | (62.32) | (39.40) |
| **Other Comprehensive Income, Net of Tax** | | | |
| Other comprehensive income for the year | | - | - |
| **Total Comprehensive Income for the year** | | **(62.32)** | **(39.40)** |
| Earnings per share: | 12 | | |
| Basic – (₹) | | (62.32) | (39.40) |
| Diluted – (₹) | | (62.32) | (39.40) |
| Face value per ordinary share – (₹) | | 100.00 | 100.00 |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying notes form an integral part of the Financial Statements | | | |

**In terms of our report of even date**

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579
Place: Mumbai
Date: April 18, 2023

**For and on behalf of the Board**

**Himanshu Jain**
Director
DIN: 06890639

**Ashok Binnani**
Director
DIN: 03326335

# Statement of Changes in Equity
as at March 31, 2023

(₹ 000)

| Particulars | | Equity Share Capital Subscribed | Reserves and Surplus | Total |
|---|---|---|---|---|
| | | | Retained Earnings | |
| **Balance as at April 01, 2021** | | 100.00 | (500.96) | (358.16) |
| Profit for the year ended March 31, 2022 | | - | (39.40) | (39.40) |
| Other comprehensive Income | | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2022** | | **-** | **(39.40)** | **(39.40)** |
| **Balance as at March 31, 2022** | | **100.00** | **(540.36)** | **(397.56)** |
| Profit for the year ended March 31, 2023 | | - | (62.32) | (62.32) |
| Other Comprehensive Income | | - | - | - |
| **Total Comprehensive Income for the year ended March 31, 2023** | | **-** | **(62.32)** | **(62.32)** |
| **Balance as at March 31, 2023** | | **100.00** | **(602.68)** | **(459.87)** |
| Summary of Significant Accounting Policies | 2 | | | |
| The accompanying notes form an integral part of the Financial Statements | | | | |

**In terms of our report of even date**

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579
Place: Mumbai
Date: April 18, 2023

**For and on behalf of the Board**

**Himanshu Jain**
Director
DIN: 06890639

**Ashok Binnani**
Director
DIN: 03326335

# Cash Flow Statement
for the year ended March 31, 2023

(₹ 000)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Profit Before Tax | (62.32) | (39.40) |
| **Adjustments for:** | | |
| Interest Income | - | - |
| | - | - |
| Cash Operating Profit before working capital changes | (62.32) | (39.40) |
| **Adjustments for (increase)/ decrease in operating assets:** | | |
| Other Current Assets | - | - |
| | - | - |
| **Adjustments for increase/ (decrease) in operating liabilities:** | | |
| Trade Payables | 62.32 | 39.40 |
| Other Liabilities | - | - |
| | **62.32** | **39.40** |
| Cash Generated from Operating Activities | - | - |
| Direct Taxes (Paid)/ Refunded | - | - |
| **Net Cash Generated from Operating Activities (A)** | - | - |
| **Cash Flow from Investing Activities** | | |
| Purchase of Property, Plant and Equipment | - | - |
| **Net Cash Generated/(Used) In Investing Activities (B)** | - | - |
| **Cash Flow from Financing Activities** | | |
| | - | - |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | - | - |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | - | - |
| **Cash and Cash Equivalents – Opening** | 11.26 | 11.26 |
| **Cash and Cash Equivalents – Closing** | 11.26 | 11.26 |
| Summary of Significant Accounting Policies | | |
| The accompanying notes form an integral part of the Financial Statements | | |

**In terms of our report of even date**

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579
Place: Mumbai
Date: April 18, 2023

**For and on behalf of the Board**

**Himanshu Jain**
Director
DIN: 06890639

**Ashok Binnani**
Director
DIN: 03326335

# Notes to financial statements
for the year ended March 31, 2023

## 1. Background

Luthria and Lalchandani Hotel and Properties Pvt Ltd (“Luthria & Lalchandani” or the “Company”), a private limited Company was incorporated on February 18 , 2008 by conversion of M/s Luthria & Lalchandani, a partnership firm under Part IX of the Companies Act, 1956. The Company is primarily engaged in construction activities and providing Management Consultancy.

## 2. Significant Accounting Policies

### a) Basis of Preparation and Presentation:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

### b) Critical Accounting Estimates and Judgements:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### c) Revenue Recognition:

#### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

#### Dividends

Dividend income is recognized when the Company’s right to receive the amount is established.

### d) Taxes on Income:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Current Tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

#### (ii) Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**e) Provisions, contingent liabilities and contingent assets**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized but only disclosed in the financial statements.

**f) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**g) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**h) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### Financial Assets:

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### Initial Recognition and Measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent Measurement:

**Debt Instruments**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**Equity Investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities:

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

### Financial liabilities at fair value through profit or loss

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

### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

### Derecognition

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

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### i) Recent Accounting Pronouncements

#### *a) New Accounting Standards/Amendments notified and adopted by the Company:*

The Company has applied the following amendments for the first time for their annual reporting period commencing April 1, 2022:

Ind AS 16 – Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

(Examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) ***New Standards/Amendments notified but not yet effective:***

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting – Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 3: Other Financial Assets

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Non-current** | | |
| Deposit with Govt. of Maharashtra for leasehold land (Refer note: 13) | 136.33 | 136.33 |
| | **136.33** | **136.33** |

## Note 4: Cash and Cash Equivalents

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balances with bank in current account | 11.26 | 11.26 |
| | **11.26** | **11.26** |

## Note 5: Share Capital

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised/ Issued Share Capital** | | |
| Equity Shares | | |
| 1,000 (Previous year 1,000) | 100.00 | 100.00 |
| Equity Shares of ₹100/- each | | |
| | **100.00** | **100.00** |
| **Subscribed and Paid Up** | | |
| 1,000 (Previous year 1,000) | 100.00 | 100.00 |
| Equity Shares of ₹100/- each, Fully Paid | | |
| | **100.00** | **100.00** |

**Footnotes:**

i) There has been no change in the equity structure of the Company. No shares had been issued or buy back during the current and comparative periods.

ii) The ultimate Holiding Company of the Company is “The Indian Hotels Company Limited”.

iii) Shares held by Holding Company along with its subsidiaries and associates Companies promoter.

| | | No. of Shares March 31, 2023 | No. of Shares March 31, 2022 |
|---|---|---|---|
| | Name of the Company | | |
| | Holding Company | | |
| | ELEL Hotels and Investments Limited | 900 | 900 |
| | Subsidiaries of ultimate Holding Company | | |
| | Skydeck Properties and Developers Private Limited | 50 | 50 |
| | Sheena Investments Private Limited | 50 | 50 |
| iv) | Shareholders holding more than 5% shares in the Company | | |
| | ELEL Hotels and Investments Limited | 900 | 900 |
| | % of Holding | 90.00% | 90.00% |

v) The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 6: Other Equity

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Retained Earnings** | | |
| Opening and Closing Balance | (540.36) | (500.96) |
| Add: Current year profit / (loss) | (62.32) | (39.40) |
| **Total** | **(602.68)** | **(540.36)** |

## Note 7: Trade Payables

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Micro and Small Enterprises | - | - |
| Others | | |
| Vendor Payables | 8.50 | 8.50 |
| Accrued expenses and others | 21.31 | 21.31 |
| | **29.81** | **29.81** |

**Footnotes:**

There are no vendors identified on the basis of information checked by the management who fall under the definition of Micro & Small Enterprises as defined in the "Micro, Small and Medium Enterprises Development Act, 2006".

## Trade Payables ageing schedule

### As at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables – MSME | - | - | - | - | - | - |
| (ii) Trade Payables – Others | - | - | - | 8.50 | - | 8.50 |
| (iii) Accrued Expenses | 21.31 | - | - | - | - | 21.31 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| **Total** | **21.31** | **-** | **-** | **8.50** | **-** | **29.81** |

### As at March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables – MSME | - | - | - | - | - | - |
| (ii) Trade Payables – Others | - | - | - | - | 8.50 | 8.50 |
| (iii) Accrued Expenses | - | 21.31 | - | - | - | 21.31 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| **Total** | **-** | **21.31** | **-** | **-** | **8.50** | **29.81** |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 8: Other Financial Liabilities

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Other Payables:-** | | |
| Related Parties (Refer note 23) | 428.12 | 365.81 |
| Others | 190.33 | 190.33 |
| | **618.45** | **556.14** |

## Note 9: Other Current Liabilities

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Statutory dues | 2.00 | 2.00 |
| | **2.00** | **2.00** |

## Note 10: Other Income

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income from financial assets at amortised cost** | | |
| Deposits with banks | - | - |
| **Total** | **-** | **-** |

## Note 11: General Expenses

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **General expenses consist of the following:** | | |
| Rates and Taxes | 4.30 | 4.00 |
| Professional Fees | | - |
| Audit Fees | | |
| As Statutory Auditors | 23.60 | 23.60 |
| Other Expenses | 34.42 | 11.80 |
| **Total** | **62.32** | **39.40** |

## Note 12: Earning Per Share (EPS)

(₹ 000)

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Earnings Per Share is calculated in accordance with Ind AS 33 - 'Earnings Per Share'. | | |
| Profit/ (Loss) after tax | (62.32) | (39.40) |
| Weighted Average Number of Equity Shares | 1,000.00 | 1,000.00 |
| Face Value per Equity Share | 100.00 | 100.00 |
| Earning Per Share – (₹) Basic and Diluted | (62.32) | (39.40) |

**Note 13:** The Company holds the Leasehold Rights of the Property i.e. Government Land admeasuring 9,500 sq m situated at Lands End at B J Road, Bombay suburban District, originally held by the firm M/s. Luthria & Lalchandani, vide allotment Letter for Lease dated January 11, 1968 and Lease Deed Dated May 05, 1976 for a period of 99 years between the Governor of Maharashtra & M/s. Luthria & Lalchandani.

# Notes to financial statements (Contd.)

for the year ended March 31, 2023

The said property has been sub-leased by the then firm M/s. Luthria & Lalchandani to the Company ELEL Hotels and Investments Limited by virtue of Sub Lease dated April 03, 1976.

### Note 14 Fair Value of Financial Instruments.

Ind AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short-term nature of these account balances.

### Note 15: Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company manages and monitors these risks primarily through its operating and financing activities.

### Note 16: Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short-term deposits with reputable banks and financial institutions.

### Note 17: Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

### Note 18: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the Company.

### Note 19: Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 20:Segment Reporting:

As there is no reportable segment as envisaged by Ind AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## Note 21:Taxation

a) Reconciliation of tax expense with the effective tax

(₹ 000)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before tax | (62.32) | (39.40) |
| Income tax rate as applicable @ 26% (previous year @ 26%) | (16.20) | (9.92) |
| **Permanent tax difference** | | |
| Effect of expenses that are not deductible in determining taxable profit | 16.20 | 9.92 |
| **Income tax expense recognised in statement of profit & loss** | - | - |

b) The Company has not recognised any deferred tax assets on losses incurred considering no tax benefit for business losses claimed under the Income Tax act, 1961 in its tax returns.

## Note 22:Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ Nil lakhs (March 31, 2022: ₹ Nil lakhs).

## Note 23:Ratio

| Sr. No. | Ratio | in times/% | Current Year | Previous Year | Numerator | Denominator |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 0.02 | 0.02 | Current Assets | Current Liabilities excluding current maturities of long-term borrowings |
| b) | Debt - Equity | in times | - | - | Non-Current Borrowings + Current Borrowings | Total Equity |
| c) | Debt service coverage | in times | - | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] |
| d) | Return on Equity | in % | - | - | Profit/(Loss) after tax | Average Total Equity |
| e) | Inventory Turnover | | NA | NA | NA | NA |
| f) | Trade Receivable Turnover | in times | - | - | Revenue from operations | * Average Trade Receivables |
| g) | Trade Payable Turnover | in times | - | - | Total expenses - Depreciation - Interest - Payroll Cost | * Trade Payables |
| h) | Net Capital Turnover | in times | - | - | Net Sales | * Working Capital i.e. (Avg. Current Assets - Avg. Current Liabilities) |
| i) | Net Profit Ratio | in % | - | - | Profit/(Loss) after tax | Total Income |
| j) | Return on capital employed | in % | - | - | EBIT | * Avg Equity + Avg Debt + Avg Leases |
| k) | Return on Investment | in % | NA | NA | NA | NA |

# Notes to financial statements (Contd.)
for the year ended March 31, 2023

## Note 24: Related Party Transactions

**a) The names of related parties of the Company are as under:**

Ultimate Holding Company

– The Indian Hotels Company Limited

Holding Company

– ELEL Hotels and Investments Limited

**b) Transactions with related parties:**

(₹ 000)

| Particulars of transactions | Ultimate Holding Company | | Holding Company | |
|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| Payables | - | - | - | 428.14 |
| | - | 18.05 | - | 347.76 |
| Receivables | - | - | - | - |
| | - - | - | - | - |

Footnote: Figures in Italics represent previous year figures.

**Note 25:** There were no foreign currency transactions during the current and previous year.

**In terms of our report of even date**

**For PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKC6579
Place: Mumbai
Date: April 18, 2023

**For and on behalf of the Board**

**Himanshu Jain**
Director
DIN: 06890639

**Ashok Binnani**
Director
DIN: 03326335

# Independent Auditors' Report

To the Members of **GENNESS HOSPITALITY PRIVATE LIMITED**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Genness Hospitality Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from 1 February 2022 to 31 March 2023, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and loss and other comprehensive income, changes in equity and its cash flows for the period 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 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.

# Independent Auditors' Report (Contd.)

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

# Independent Auditors' Report (Contd.)

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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended 31 March 2023.

   iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

   v. No dividend declared or paid during the period by the Company and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable.

# Independent Auditors' Report (Contd.)

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 1, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

   No remuneration has been paid by the Company to its directors during the period and accordingly reporting on compliance with provisions of Section 197 is not applicable.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No. 220369
UDIN: 23220369BGUYJY4502
Place of Signature: Mumbai
Date: 20-Apr-2023

# Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Genness Hospitality Private Limited ("the Company") on the financial statements as of and for the period ended 31 March 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (PPE).

(B) The Company does not have any intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.

(b) As this is the first financial period post incorporation of the Company, the provisions of clause 3(i)(b) of the Order are not applicable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company. Accordingly reporting on clause 3(i)(c) of the Order with respect to owned property is not applicable.

In respect of immovable properties of land taken on lease and disclosed as right of use assets in the financial statements, the lease/license agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the period and hence paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, no loan/investment/guarantee/security made by the Company during the period. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31 March 2023 for a period of more than six months from the date they became payable. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, no funds raised on short term basis have been utilized for long term purposes by the Company.

(e) As the Company does not have any subsidiary, associate or joint venture, paragraph 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the period and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the period.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the period by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the period are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act 2013 due to the size and nature of its business. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the period, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred a cash loss of ₹84.49 lakhs in the financial period. As this is the first financial reporting period post incorporation of the Company, reporting on cash loss in the preceding financial year is not applicable.

# Annexure A (Contd.)

(xviii) There has been no resignation of the statutory auditors during the period and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) As the Company is not required to spend any amount under section 135 of the Companies Act for the financial period, paragraph 3(xx) of the Order is not applicable to the Company.

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No. 220369
UDIN: 23220369BGUYJY4502
Place of Signature: Mumbai
Date: 20-Apr-2023

# Annexure B

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

## Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of **Genness Hospitality Private Limited** ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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.

# Annexure B (Contd.)

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No. 220369
UDIN: 23220369BGUYJY4502
Place of Signature: Mumbai
Date: 20-Apr-2023

# Balance Sheet
as at March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 3 | - |
| Right-of-use assets | 4 | 700.47 |
| Capital work-in-progress | 3 | 131.24 |
| Intangible assets | | - |
| | | **831.71** |
| Financial assets | | |
| Investments | 6 | - |
| Other financial assets | 9 | - |
| Advance Income Tax | | 0.06 |
| Other non-current assets | 10 | - |
| | | **831.77** |
| **Current assets** | | |
| Financial assets | | |
| Investments | 6 | - |
| Cash and cash equivalents | 7 | 77.91 |
| Bank Balances other than Cash and Cash Equivalent | 8 | - |
| Other financial assets | 9 | 0.07 |
| Other current assets | 10 | - |
| | | **77.98** |
| **Total** | | **909.74** |
| **Equity and liabilities** | | |
| **Equity** | | |
| Equity share capital | 11 | 990.00 |
| Other equity | 12 | (84.49) |
| **Total equity** | | **905.51** |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 2.33 |
| | | **2.33** |
| **Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 0.33 |
| Trade payables | 13 | |
| Total outstanding dues of micro and small enterprises | | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 0.90 |
| Other financial liabilities | 14 | 0.39 |
| Provisions | 15 | - |
| Current tax provisions | | - |
| Other current liabilities | 16 | 0.27 |
| | | **1.89** |
| **Total** | | **909.74** |
| Summary of significant accounting policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No.220369
UDIN:
Place : Mumbai
Date :

For and on behalf of the Board of Directors

**BEEJAL DESAI**
Director
DIN : 03611725

**NABAKUMAR SHOME**
Director
DIN : 03605594

Place : Mumbai
Date :

# Statement of Profit and Loss
for the year ended March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 |
|---|---|---|
| **Income** | | |
| Other income | 17 | 0.62 |
| **Total Income** | | **0.62** |
| **Expenses** | | |
| Finance cost | 18 | 0.62 |
| Depreciation & Amortisation | 3 / 4 | - |
| Other operating and general expenses | 19 | 84.49 |
| **Total Expenses** | | **85.11** |
| **Profit/ (Loss) before exceptional items and tax** | | **(84.49)** |
| Exceptional items | | - |
| **Profit/ (Loss) before tax** | | **(84.49)** |
| **Tax expenses** | | |
| Current tax | | - |
| Deferred tax | | - |
| **Total** | | **-** |
| **Profit/ (Loss) after tax** | | **(84.49)** |
| **Other comprehensive income** | | |
| other comprehensive Income for the period | | - |
| **Total comprehensive Income for the period** | | **(84.49)** |
| Earnings per share: | 20 | |
| Basic - (₹) | | (0.09) |
| Diluted - (₹) | | (0.09) |
| Face value per ordinary share - (₹) | | 1.00 |
| Summary of Significant Accounting Policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**BEEJAL DESAI**
Director
DIN : 03611725

**NABAKUMAR SHOME**
Director
DIN : 03605594

**RAMANARAYANAN J**
Partner
Membership No.220369
UDIN:
Place : Mumbai
Date :

Place : Mumbai
Date :

# Statement of Changes in Equity
as at March 31, 2023

(₹ lakhs)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Shares Issued during the period** | 990.00 | | | | |
| Loss for the year ended March 31, 2023 | - | - | - | (84.49) | (84.49) |
| **Total Comprehensive Income for the year ended March 31, 2023** | **-** | **-** | **-** | **(84.49)** | **(84.49)** |
| **Balance as at March 31, 2023** | **990.00** | **-** | **-** | **(84.49)** | **(84.49)** |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No.220369
UDIN:
Place : Mumbai
Date :

For and on behalf of the Board of Directors

**BEEJAL DESAI**
Director
DIN : 03611725

**NABAKUMAR SHOME**
Director
DIN : 03605594

Place : Mumbai
Date :

# Cash Flow Statement
for the year ended March 31, 2023

| | (₹ lakhs) March 31, 2023 |
|---|---|
| **Cash Flow From Operating Activities** | |
| Profit Before Tax | (84.49) |
| **Adjustments For :** | |
| Depreciation and Amortisation | - |
| Finance Costs | 0.62 |
| Depreciation on Right-of-use-assets | - |
| Interest on lease liability | - |
| Interest Income | (0.62) |
| Provision for Contingencies | - |
| | - |
| Cash Operating Profit before working capital changes | (84.49) |
| **Adjustments for (increase)/ decrease in operating assets:** | |
| Other Current Assets | - |
| | - |
| **Adjustments for increase/ (decrease) in operating liabilities:** | |
| Trade Payables | 0.90 |
| Other Liabilities | 0.66 |
| | 1.56 |
| Cash Generated from Operating Activities | (82.93) |
| Direct Taxes (Paid) / Refunded | (0.06) |
| **Net Cash Generated From Operating Activities (A)** | **(82.99)** |
| **Cash Flow From Investing Activities** | |
| Purchase of Property, Plant and Equipment | (829.05) |
| Loss on sale of Investments | |
| Interest Received | 0.55 |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **(828.50)** |

# Cash Flow Statement
for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Cash Flow From Financing Activities** | |
| Payment of lease liabilities | |
| Finance Cost | (0.62) |
| Proceeds from Issue of Share Capital | 990.00 |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **989.40** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | **77.91** |
| Cash and Cash Equivalents - Opening | - |
| Cash and Cash Equivalents - Closing | 77.91 |
| Summary of Significant Accounting Policies | 2 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**RAMANARAYANAN J**
Partner
Membership No.220369
UDIN:
Place : Mumbai
Date :

For and on behalf of the Board of Directors

**BEEJAL DESAI**
Director
DIN : 03611725

**NABAKUMAR SHOME**
Director
DIN : 03605594

Place : Mumbai
Date :

# Notes to Financial Statements
for the year ended March 31, 2023

## 1. Background

Genness Hospitality Private Limited (“GHPL” or the “Company”), is a private limited company domiciled in India and incorporated under the provisions of the Companies Act 2013 on Feb 1st, 2022 and has its registered office 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai 400021.

The Company is engaged in the business of hoteliering. It has entered into lease with Sardar Sarovar Narmada Nigam Limited for 99 years. The construction work is under progress.

## 2. Significant accounting policies

### a) Basis of preparation and presentation:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

### b) Critical accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value in use and fair value less cost to disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic comparable recent transactions and other market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management’s expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**c) Revenue recognition**

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Dividends

Dividend income is recognized when the Company's right to receive the amount is established.

**d) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for temporary improvements which are depreciated fully the same year of capitalization.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

**e) Intangible Assets:**

Intangible assets includes lease acquisition rights and cost of acquired software Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

Lease acquisition rights are amortised from the acquisition date over the balance period of the lease.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**f) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

**g) Foreign currency transactions**

The functional currency of the Company is Indian rupee (₹).

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

**h) Taxes on income**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current tax:**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**(ii) Deferred tax :**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**i) Borrowing Costs:**

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

**j) Leases:**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's Balance Sheet as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities and
- payments for the principal and interest elements of recognised lease liabilities are presented within cash flows from financing activities

**k) Provisions, contingent liabilities and contingent assets**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized but only disclosed in the financial statements.

**l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## m) Earnings per share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

## n) Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### Financial Assets:

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement:**

***Debt instruments***

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

***Equity investments***

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment of financial assets*

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

**Financial Liabilities**

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**Initial recognition and measurement**

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

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

The Company's financial liabilities include trade and other payables.

**Financial liabilities at fair value through profit or loss**

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

**Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**o) Recent accounting pronouncements**

**a) New Standards/Amendments notified but not yet effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 3 : Property, Plant and Equipment (Owned, unless otherwise stated)

(₹ lakhs)

| | Office Equipment | Total | Capital Work in Progress |
|---|---|---|---|
| **Cost** | | | |
| Additions | - | - | 131.24 |
| Adjustments | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2023** | **-** | **-** | **131.24** |
| **Depreciation** | | | |
| Charge for the period | - | - | - |
| Adjustments | - | - | - |
| Disposals | - | - | |
| **At March 31, 2023** | **-** | **-** | **-** |
| **Net Block** | | | |
| **At March 31, 2023** | **-** | **-** | **131.24** |

### As at March 31, 2023

(i) Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given: CWIP aging schedule

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | 131.24 | - | - | - | 131.24 |
| **Total** | **131.24** | **-** | **-** | **-** | **131.24** |

## Note 4 : Right-of-use assets

(₹ lakhs)

| | Land | Total |
|---|---|---|
| Additions | 708.13 | **708.13** |
| Deductions for the period | - | - |
| **At March 31, 2023** | **708.13** | **708.13** |
| **Depreciation** | | |
| Opening Adjustements | - | - |
| Charge for the period | 7.66 | 7.66 |
| Deduction for the period | - | - |
| **At March 31, 2023** | **7.66** | **7.66** |
| **Net Block** | | |
| **At March 31, 2023** | **700.47** | **700.47** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 6 : Investments

### a) Non Current Investments

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of Shares | ₹ Lakhs |
| **a) Non Current Investments** | | |
| **Trade Investments :** | | |
| | - | - |
| | - | - |
| | - | - |
| **b) Current Investments** | | |
| **TOTAL** | **-** | **-** |

## Note 7 : Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Cash on hand | - |
| Balances with bank in current account | 12.91 |
| Balances with bank in call and short term deposit account | 65.00 |
| (Original maturity less then 3 months) | |
| | **77.91** |

## Note 8 : Bank Balances other than Cash and Cash Equivalent

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Other Balances with banks** | |
| Call and Short-term deposit accounts | - |
| Margin money deposits | - |
| | **-** |

## Note 9 : Other Financial Assets

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **a) Non Current** | |
| **Deposits with Public Bodies and Others at amortised costs** | |
| Public Bodies and Others | - |
| | **-** |
| **b) Current** | |
| Interest receivable | 0.07 |
| Others | - |
| | **0.07** |
| **On Current Account dues :** | |
| Related Parties | - |
| Others | - |
| | **-** |
| | **0.07** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 10 : Other Assets

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Non Current** | |
| Capital advances | - |
| Deposits with Government Authoritites | - |
| | **-** |
| **Current** | |
| Prepaid Expenses | - |
| Others | - |
| | **-** |

## Note 11 : Share Capital

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Authorised Share Capital** | |
| Equity Shares | |
| 15,00,00,000 | 1,500.00 |
| Equity Shares of ₹ 1/- each | |
| | **1,500.00** |
| **Issued Share Capital** | |
| 9,90,00,000 | 990.00 |
| Equity Shares of ₹ 1/- each | |
| | **990.00** |
| **Subscribed and Paid Up** | |
| 9,90,00,000 | 990.00 |
| Equity Shares of ₹ 1/- each | |
| | **990.00** |

**Footnotes:**

i) Shares held by the Holding Company along with its subsidiaries and associates Companies are as below:

| Name of the Company | No. of Shares March 31, 2023 |
|---|---|
| **Holding Company** | |
| The Indian Hotels Company Ltd | 9,89,99,999 |
| **Associate Company** | |
| Taida Trading and Industries Ltd | 1 |

iv) Shareholders holding more than 5% shares in the Company Promoter

| Name of the Company | No. of Shares March 31, 2023 |
|---|---|
| The Indian Hotels Company Ltd | 9,89,99,999 |
| % of Holding | 99.99% |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

v) The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proporation to their shareholding.

## Note 12 : Other Equity

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Securities Premium** | |
| Opening and Closing Balance | - |
| **General Reserve** | |
| Opening and Closing Balance | - |
| **Retained Earnings** | |
| Deficit at the beginning of the year | 0.00 |
| Add: Current period loss | (84.49) |
| **Closing Retained Earnings** | **(84.49)** |
| **Reserves and Surplus Total** | **(84.49)** |

## Note 13 : Trade Payables

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Trade payable to Micro and Small Enterprises | - |
| Others | |
| Vendor Payables | - |
| Accrued expenses and others | 0.90 |
| | **0.90** |

### Footnote :

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid / payable under the MSMED Act, have not been given.

### Trade Payables ageing schedule

### As at March 31, 2023

(₹ lakhs)

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | - | - | - | - | - | - |
| (iii) Accrued Expenses | 0.90 | - | - | - | - | 0.90 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **0.90** | **-** | **-** | **-** | **-** | **0.90** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 14 : Other Financial liabilities

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Other payables** | |
| Related Parties | 0.39 |
| Others | - |
| | **0.39** |
| **Deposits from others** | |
| Unsecured | - |
| | **-** |
| | **0.39** |

## Note 15 : Provisions

### A) Short term provisions

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Provision for Contingencies | - |
| Others | - |
| | **-** |

## Note 16 : Other non financial Liabilities

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Current** | |
| Statutory dues | 0.27 |
| Others | - |
| | **0.27** |

## Note 17 : Other Income

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Interest Income from financial assets at amortised cost** | |
| Inter-corporate deposits | - |
| Deposits with Bank | 0.62 |
| | **0.62** |
| Interest on Income Tax Refunds | - |
| **Total** | **0.62** |
| Profit on sale of current investment | - |
| Gain on Current Investments carried at fair value | - |
| Others | - |
| **Total** | **0.62** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 18 : Finance Cost

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Interest on ICD | 0.62 |
| **Total** | **0.62** |

## Note 19 : Other operating and general expenses

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **(i) Operating expenses consist of the following :** | |
| Other Operating Expenses | 66.85 |
| **Total** | **66.85** |
| **(ii) General expenses consist of the following :** | |
| Rent | - |
| Professional Fees | 0.04 |
| Payment made to Statutory Auditors (Refer Footnote (a)) | 1.00 |
| Other Expenses | 16.61 |
| | **17.65** |
| **Total** | **84.50** |

**Footnotes:**

### a) Payment made to Statutory Auditors:

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| As auditors | 1.00 |
| For other services | - |
| | **1.00** |

## Note 20 : Earnings Per Share (EPS)

Earnings Per Share is calculated in accordance with IND AS 33 - 'Earnings Per Share'.

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Profit / (Loss) after tax - (₹ Lakhs) | (84.49) |
| Weighted Average Number of Equity Shares | 9,90,00,000 |
| Face Value per Equity Share | 1.00 |
| Earning Per Share - (₹) Basic and Diluted | (0.09) |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

## 21. Fair Value of financial Instruments.

IND AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short term nature of these account balances.

## 22. Financial risk management objectives and policies

Financial instruments held by the company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company manages and monitors these risks primarily through its operating and financing activities.

## 23. Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

## 24. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## 25. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the company.

## 26. Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 27. Segment Reporting:

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## 28. Taxation

### a) Reconciliation of tax expense with the effective tax

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Profit before tax | (84.49) |
| Income-tax rate as applicable @ 26 % (previous year @ 26%) | (21.97) |
| | - |
| **Permanent tax difference** | |
| Effect of expenses that are not deductible in determining taxable profit | 21.97 |
| **Income tax expense recognised in statement of profit & loss** | - |

## 29. Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ 434.54 Lakhs.

**30.** Revenue expenditure capitalized during construction period is as follows:

| Nature of expenses | Amount (₹ lakhs) |
|---|---|
| Interest on Lease liabilities | 0.18 |
| Amortisation of RoU | 7.66 |
| **Total** | **7.74** |

## 31. Ind AS – 116 "Leases"

The Company's leased assets mainly comprise land parcel. The term of property lease is 99 years.

### a. Total lease liabilities are analysed as follows:

(₹ lakhs)

| Denominated in the following currencies: | March 31, 2023 |
|---|---|
| Indian Rupees | 2.66 |
| | - |
| **Total** | **2.66** |
| Analysed as | |
| Current | 0.33 |
| Non-current | 2.33 |
| **Total** | **2.66** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### b. Amounts recognised in profit or loss

The following amounts were recognised as expense in the year:

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Depreciation of right-of-use assets | - |
| Expense relating to variable lease payments | - |
| Expense relating to short-term leases and low-value assets | - |
| Interest on lease liabilities | - |
| **Total recognised in the Statement of profit & loss** | **-** |

### c. Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

(₹ lakhs)

| Maturity analysis: | March 31, 2023 |
|---|---|
| Less than 1 year | 0.33 |
| Between 1 and 2 years | 0.14 |
| Between 2 and 5 years | 0.25 |
| More than 5 years | 1.94 |
| **Total** | **2.66** |

## 32. Ratios

| Sr No | Ratio | in times/% | Current Year | Numerator | Denominator | Variance |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 41.26 | Current Assets | Current Liabilities excluding current maturities of long term borrowings | - |
| b) | Debt – Equity | in times | - | Non - Current Borrowings + Current Borrowings | Total Equity | - |
| c) | Debt service coverage | in times | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | - |
| d) | Return on Equity | in % | (9.33) | Profit/(Loss) after tax | Average Total Equity | - |
| e) | Inventory Turnover | | NA | NA | NA | |
| f) | Trade Receivable Turnover | in times | - | Revenue from operations | * Average Trade Receivables | |
| g) | Trade Payable Turnover | in times | 94.57 | Total expenses - Depreciation - Interest - Payrol Cost | * Trade Payables | - |
| h) | Net Capital Turnover | in times | - | Net Sales | * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) | |
| i) | Net Profit Ratio | in % | (136.2) | Profit/(Loss) after tax | Total Income | - |
| j) | Return on capital employed | in % | - | EBIT | * Avg Equity + Avg Debt + Avg Leases | - |
| k) | Return on Investment | in % | NA | NA | NA | |

**Note :** Comparatives ratios are not available since this is first year of operations, hence reasons for deviations is not applicable.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## 33. Related Party Transactions

a. The names of related parties of the Company are as under :

Ultimate Holding Company

- The Indian Hotels Company Limited

Associate Company

- Taida Trading & Industries Limited

b. Transactions with related parties :

(₹ lakhs)

| Particulars of transactions | Holding Company | | Subsidiary / Fellow Subsidiary/ Associate | | Other related Parties | |
|---|---|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| Current Account transaction (Receipt/payments) | 136.83 | - | - | - | - | - |
| ICD taken | 60.00 | - | - | - | - | - |
| ICD repayment | (60.00) | - | - | - | - | - |
| Interest on ICD | 0.62 | - | - | - | - | - |
| Salary Reimbursement | - | - | 1.73 | 0.39 | - | - |

**34.** There are no foreign currency transactions during the period.

**35.** As this is the first financial statement of the company post incorporation, presentation of comparative period figures is not applicable.

In terms of our report of even date

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

For and on behalf of the Board of Directors

**BEEJAL DESAI**
Director
DIN : 03611725

**NABAKUMAR SHOME**
Director
DIN : 03605594

**RAMANARAYANAN J**
Partner
Membership No.220369
UDIN:
Place : Mumbai
Date :

Place : Mumbai
Date :

# Independent Auditors' Report

To the Members of Qurio Hospitality Private Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Qurio Hospitality Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from February 02, 2022 to March 31, 2023, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and loss and other comprehensive income, changes in equity and its cash flows for the period 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* Section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

# Independent Auditor's Report (Continued)

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

# Independent Auditor's Report (Contd.)

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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (g) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2023 which would impact its financial position.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

# Independent Auditor's Report (Contd.)

v. No dividend declared or paid during the period by the Company and accordingly reporting on compliance with Section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 01, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16):

   No remuneration has been paid by the Company to its directors during the period and accordingly reporting on compliance with provisions of Section 197 is not applicable.

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYJZ9536

Place of Signature: Mumbai
Date: April 20, 2023

# Annexure A

**Referred to in Paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date to the Members of Qurio Hospitality Private Limited ("the Company") on the Financial Statements as of and for the Period Ended March 31, 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (PPE).

(B) The Company does not have any intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.

(b) As this is the first financial period post incorporation of the Company, the provisions of clause 3(i)(b) of the Order are not applicable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company. Accordingly reporting on clause 3(i)(c) of the Order with respect to owned property is not applicable.

In respect of immovable properties of land taken on lease and disclosed as right of use assets in the financial statements, the lease/license agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the period and hence paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the Company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, no loan/investment/guarantee/security made by the Company during the period. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub Section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance,

# Annexure A (Contd.)

income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short-term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) As the Company does not have any subsidiary, associate or joint venture, paragraph 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the period and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period and hence the question of whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the period.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle-blower complaints were received during the period by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the period are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

# Annexure A (Contd.)

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act 2013 due to the size and nature of its business. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the period, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred a cash loss of ₹12.32 lakhs in the financial period. As this is the first financial reporting period post incorporation of the Company, reporting on cash loss in the preceding financial year is not applicable.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As the Company is not required to spend any amount under Section 135 of the Companies Act for the financial period, paragraph 3(xx) of the Order is not applicable to the Company.

**FOR PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYJZ9536

Place of Signature: Mumbai
Date: April 20, 2023

# Annexure B

**Referred to in Paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date**

## Report on the Internal Financial Controls with Reference to the Aforesaid Financial Statements Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of **Qurio Hospitality Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

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

# Annexure B (Contd.)

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYJZ9536

Place of Signature: Mumbai
Date: April 20, 2023

# Balance Sheet
as at March 31, 2023

(₹ Lakhs)

| | Note(s) | March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Non-Current Assets** | | |
| Property, plant and equipment | 3 | - |
| Right-of-use assets | 4 | 494.41 |
| Capital work-in-progress | 3 | 87.57 |
| Intangible assets | | - |
| | | **581.98** |
| **Financial assets** | | |
| Investments | 6 (a) | - |
| Other financial assets | 9 (a) | - |
| Advance Income Tax | | - |
| Other non-current assets | 10 (a) | - |
| | | **581.98** |
| **Current Assets** | | |
| Financial assets | | |
| Investments | 6 (b) | - |
| Cash and cash equivalents | 7 | 398.06 |
| Bank Balances other than Cash and Cash Equivalent | 8 | - |
| Other financial assets | 9 (b) | 0.59 |
| Other current assets | 10 (b) | - |
| | | **398.65** |
| **Total** | | **980.63** |
| **Equity and Liabilities** | | |
| **Equity** | | |
| Equity share capital | 11 | 990.00 |
| Other equity | 12 | (13.43) |
| **Total Equity** | | **976.57** |
| **Non-Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 1.74 |
| | | **1.74** |
| **Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 0.25 |
| Trade payables | 13 | |
| Total outstanding dues of micro and small enterprises | | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 0.90 |
| Other financial liabilities | 14 | 0.39 |
| Provisions | 15 | - |
| Current tax provisions | | 0.64 |
| Other current liabilities | 16 | 0.14 |
| | | **2.32** |
| **Total** | | **980.63** |
| Summary of significant accounting policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN:
Place: Mumbai
Date:

For and on behalf of the Board

**BEEJAL DESAI**
Director
DIN: 03611725

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Mumbai
Date:

# Statement of Profit or Loss
for the Period February 02, 2022 to March 31, 2023

(₹ Lakhs)

| | Note(s) | March 31, 2023 |
|---|---|---|
| **Income** | | |
| Other income | 17 | 5.28 |
| **Total Income** | | **5.28** |
| **Expenses** | | |
| Finance cost | 18 | - |
| Depreciation and Amortisation | 3 / 4 | - |
| Other operating and general expenses | 19 | 17.60 |
| **Total Expenses** | | **17.60** |
| **Profit/ (Loss) Before Exceptional Items and Tax** | | **(12.32)** |
| **Exceptional Items** | | **-** |
| **Profit/ (Loss) Before Tax** | | **(12.32)** |
| **Tax Expenses** | | |
| Current tax | | 1.11 |
| Deferred tax | | - |
| **Total** | | **1.11** |
| **Profit/ (Loss) After Tax** | | **(13.43)** |
| **Other Comprehensive Income** | | |
| Other comprehensive Income for the period | | - |
| **Total Comprehensive Income for the Period** | | **(13.43)** |
| Earnings per share: | 20 | |
| Basic - (₹) | | (0.01) |
| Diluted - (₹) | | (0.01) |
| Face value per ordinary share - (₹) | | 1.00 |
| Summary of Significant Accounting Policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN:
Place: Mumbai
Date:

For and on behalf of the Board

**BEEJAL DESAI**
Director
DIN: 03611725

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Mumbai
Date:

# Statement of Changes in Equity
as at March 31, 2023

(₹ Lakhs)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Shares Issued During the Period** | 990.00 | - | - | - | - |
| Loss for the year ended March 31, 2023 | - | - | - | (13.43) | (13.43) |
| **Total Comprehensive Income for the Period** | **-** | **-** | **-** | **(13.43)** | **(13.43)** |
| **Balance as at March 31, 2023** | **990.00** | **-** | **-** | **(13.43)** | **(13.43)** |

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements

In terms of our report of even date
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN:
Place: Mumbai
Date:

For and on behalf of the Board

**BEEJAL DESAI**
Director
DIN: 03611725

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Mumbai
Date:

# Statement of Cash Flows

for the year ended March 31, 2023

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Cash Flow from Operating Activities** | |
| Profit Before Tax | (12.32) |
| Adjustments for: | |
| Depreciation and Amortisation | - |
| Finance Costs | - |
| Depreciation on Right-of-use-assets | - |
| Interest on lease liability | - |
| Interest Income | (5.28) |
| | **(5.28)** |
| Cash Operating Profit before working capital changes | (17.60) |
| **Adjustments for (Increase)/ Decrease in Operating Assets:** | |
| Other Current Assets | - |
| Other Non-Current Assets | - |
| | **-** |
| **Adjustments for Increase/ (Decrease) in Operating Liabilities:** | |
| Trade Payables | 0.90 |
| Other Liabilities | 0.53 |
| | **1.43** |
| Cash Generated from Operating Activities | (16.17) |
| Direct Taxes (Paid) / Refunded | (0.47) |
| **Net Cash Generated from Operating Activities (A)** | **(16.64)** |
| **Cash Flow from Investing Activities** | |
| Purchase of Property, Plant and Equipment | (579.99) |
| Loss on sale of Investments | |
| Interest Received | 4.69 |
| Dividend Received | - |
| Short-term Deposits placed with a Subsidiary | |
| **Net Cash Generated/(Used) in Investing Activities (B)** | **(575.30)** |
| **Cash Flow from Financing Activities** | |
| Payment of lease liabilities | - |
| Finance Cost | - |
| Proceeds from Issue of Share Capital | 990.00 |
| **Net Cash Generated/ (Used) in Financing Activities (C)** | **990.00** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)** | 398.06 |
| **Cash and Cash Equivalents - Opening** | - |
| **Cash and Cash Equivalents - Closing** | 398.06 |
| Summary of Significant Accounting Policies | 2 |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN:
Place: Mumbai
Date:

For and on behalf of the Board

**BEEJAL DESAI**
Director
DIN: 03611725

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Mumbai
Date:

# Notes to Financial Statements
for the Period Ended March 31, 2023

## Note 1: Background

Qurio Hospitality Private Limited ("QHPL" or the "Company"), is a private limited company domiciled in India and incorporated under the provisions of the Companies Act 1956 on February 02, 2022 and has its registered office 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai – 400 021.

The Company is engaged in the business of hoteliering. It has entered into lease with Sardar Sarovar Narmada Nigam Limited for 99 years. The construction work is under progress.

## Note 2: Significant Accounting Policies

### a) Basis of Preparation and Presentation:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within one year and Current Liabilities do not include items which are due after one year, the period of one year being reckoned from the reporting date.

### b) Critical Accounting Estimates and Judgements:

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful Lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value in use and fair value less cost to disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic comparable recent transactions and other market conditions.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

# Notes to Financial Statements

for the year ended March 31, 2023

c) **Revenue Recognition:**

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividends**

Dividend income is recognised when the Company's right to receive the amount is established.

d) **Property, Plant and Equipment:**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for temporary improvements which are depreciated fully the same year of capitalisation.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work-in-progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

e) **Intangible Assets:**

Intangible assets includes lease acquisition rights and cost of acquired software Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

Lease acquisition rights are amortised from the acquisition date over the balance period of the lease.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

# Notes to Financial Statements
for the year ended March 31, 2023

**f) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**g) Foreign Currency Transactions:**

The functional currency of the Company is Indian rupee (₹).

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

**h) Taxes on Income:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

# Notes to Financial Statements
for the year ended March 31, 2023

### (ii) Deferred Tax

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

## i) Borrowing Costs:

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

## j) Leases:

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company’s Balance Sheet as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including ‘in-substance fixed’ payments) and variable lease payments that

# Notes to Financial Statements
for the year ended March 31, 2023

depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities and

- payments for the principal and interest elements of recognised lease liabilities are presented within cash flows from financing activities

**k) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

# Notes to Financial Statements
for the year ended March 31, 2023

**m) Earnings Per Share (EPS):**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**n) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement:**

**Debt Instruments**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Equity Investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

# Notes to Financial Statements
for the year ended March 31, 2023

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

# Notes to Financial Statements
for the year ended March 31, 2023

**Initial Recognition and Measurement**

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

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

The Company's financial liabilities include trade and other payables.

**Financial Liabilities at Fair Value Through Profit or Loss**

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

**Gains or Losses on Liabilities Held for Trading are Recognised in the Statement of Profit and Loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**Derecognition**

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

**Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**o) Recent Accounting Pronouncements:**

a) New Standards/Amendments Notified but not yet Effective:

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 01, 2023. Following are few key amendments relevant to the Company:

# Notes to Financial Statements
for the year ended March 31, 2023

(i) Ind AS 1 – Presentation of Financial Statements and Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability and deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 3: Property, Plant and Equipment (Owned, Unless Otherwise Stated)

(₹ Lakhs)

| | Office Equipment | Total | Capital Work-in-progress |
|---|---|---|---|
| **Cost** | | | |
| Additions | - | - | 87.57 |
| Adjustments | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2023** | **-** | **-** | **87.57** |
| **Depreciation** | | | |
| Charge for the period | - | - | - |
| Adjustments | - | - | - |
| Disposals | - | - | - |
| **At March 31, 2023** | **-** | **-** | **-** |
| **Net Block** | | | |
| **At March 31, 2023** | **-** | **-** | **87.57** |

### As at March 31, 2023

(i) Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given: CWIP aging schedule

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | 87.57 | - | - | - | **87.57** |
| **Total** | **87.57** | **-** | **-** | **-** | **87.57** |

## Note 4: Right-of-Use Assets

(₹ Lakhs)

| | Land | Total |
|---|---|---|
| Additions | (499.82) | (499.82) |
| Deductions for the period | - | - |
| **At March 31, 2023** | **(499.82)** | **(499.82)** |
| **Depreciation** | | |
| Opening Adjustements | - | - |
| Charge for the period | 5.41 | 5.41 |
| Deduction for the period | | |
| **At March 31, 2023** | **(494.41)** | **(494.41)** |
| **Net Block** | | |
| **At March 31, 2023** | **494.41** | **494.41** |

## Note 5:

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 6: Investments

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of Shares | ₹ Lakhs |
| **a) Non-Current Investments** | | |
| Trade Investments: | | |
| | | - |
| | | - |

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of Units | ₹ Lakhs |
| **b) Current Investments** | | |
| **Total** | | - |

## Note 7: Cash and Cash Equivalents

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| Cash on hand | - |
| Balances with bank in current account | 18.06 |
| Balances with bank in call and short-term deposit account | 380.00 |
| (Original maturity less then 3 months) | |
| | **398.06** |

## Note 8: Bank Balances Other than Cash and Cash Equivalent

₹ Lakhs

| | March 31, 2023 |
|---|---|
| **Other Balances with banks** | |
| Call and Short-term deposit accounts | - |
| Margin money deposits | - |
| | - |

## Note 9: Other Financial Assets

₹ Lakhs

| | March 31, 2023 |
|---|---|
| **a) Non-Current** | |
| Deposits with Public Bodies and Others at amortised costs | |
| Public Bodies and Others | - |
| | - |
| **b) Current** | |
| Interest receivable | 0.59 |
| Others | - |
| | **0.59** |
| **On Current Account dues:** | |
| Related Parties | - |
| Others | - |
| | - |
| | **0.59** |

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 10: Other Assets

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Non-Current** | |
| Capital advances | - |
| Deposits with Government Authoritites | - |
| | **-** |
| **Current** | |
| Prepaid Expenses | - |
| Others | - |
| | **-** |

## Note 11: Share Capital

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Authorised Share Capital** | |
| Equity Shares | |
| 15,00,00,000 | 1,500.00 |
| Equity Shares of ₹1/- each | |
| | **1,500.00** |
| **Issued Share Capital** | |
| 9,90,00,000 | 990.00 |
| Equity Shares of ₹1/- each | |
| | **990.00** |
| **Subscribed and Paid Up** | |
| 9,90,00,000 | 990.00 |
| Equity Shares of ₹1/- each | |
| | **990.00** |

**Footnotes:**

i) Shares held by the Holding Company along with its subsidiaries and associates Companies are as below:

| Name of the Company | No. of Shares March 31, 2023 |
|---|---|
| **Holding Company** | |
| The Indian Hotels Company Ltd | 9,89,99,999 |
| **Associate Company** | |
| Taida Trading and Industries Ltd | 1 |

ii) Shareholders holding more than 5% shares in the Company Promoter

| | |
|---|---|
| The Indian Hotels Company Ltd | 9,89,99,999 |
| % of Holding | 99.99% |

iii) The Company has only one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proporation to their shareholding.

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 12: Other Equity

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Securities Premium** | |
| Opening and Closing Balance | - |
| **General Reserve** | |
| Opening and Closing Balance | - |
| **Retained Earnings** | |
| Deficit at the beginning of the year | 0.00 |
| Add: Current period loss | (13.43) |
| **Closing Retained Earnings** | **(13.43)** |
| **Reserves and Surplus Total** | **(13.43)** |

## Note 13: Trade Payables

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| Trade payable to Micro and Small Enterprises | |
| Others | - |
| Vendor Payables | - |
| Accrued expenses and others | 0.90 |
| | **0.90** |

**Footnote:**

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid / payable under the MSMED Act, have not been given.

### Trade Payables ageing schedule

### As at March 31, 2023

(₹ Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Unbilled and Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | - | - | - | - | - | - |
| (iii) Accrued Expenses | 0.90 | - | - | - | - | 0.90 |
| (iv) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **0.90** | **-** | **-** | **-** | **-** | **0.90** |

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 14: Other Financial Liabilities

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Other payables** | |
| Related Parties | 0.39 |
| Others | - |
| | **0.39** |
| **Deposits from others** | |
| Unsecured | - |
| | **-** |
| | **0.39** |

## Note 15: Provisions

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **A) Short-term provisions** | |
| Provision for Contingencies | - |
| Others | - |
| | **-** |

## Note 16: Other Non-Financial Liabilities

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Current** | |
| Statutory dues | 0.14 |
| Others | - |
| | **0.14** |

## Note 17: Other Income

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **Interest Income from financial assets at amortised cost** | |
| Inter-corporate deposits | - |
| Deposits with Bank | 5.28 |
| | **5.28** |
| Interest on Income Tax Refunds | - |
| **Total** | **5.28** |
| Others | - |
| **Total** | **5.28** |

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 18: Finance Cost

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| Interest on ICD | - |
| **Total** | **-** |

## Note 19: Other Operating and General Expenses

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **(i) Operating expenses consist of the following:** | |
| Fuel, Power and Light | - |
| Repairs to Others | - |
| Payment to security Agency | - |
| Other Operating Expenses | - |
| **Total** | **-** |
| **(ii) General expenses consist of the following:** | |
| Rent | - |
| Rates and Taxes | |
| Printing and Stationery | - |
| Professional Fees | - |
| Directors' fees | - |
| Payment made to Statutory Auditors (Refer Footnote (a)) | 1.00 |
| Other Expenses | 16.60 |
| | **17.60** |
| **Total** | **17.60** |

**Footnotes:**

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| **a) Payment made to Statutory Auditors:** | |
| As auditors | 1.00 |
| For other services | - |
| **Total** | **1.00** |

## Note 20: Earnings Per Share (EPS)

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| Earnings Per Share is calculated in accordance with IND AS 33 - 'Earnings Per Share'. | |
| Profit/ (Loss) after tax - (₹ Lakhs) | (13.43) |
| Weighted Average Number of Equity Shares | 9,90,00,000 |
| Face Value per Equity Share | 1.00 |
| Earning Per Share - (₹) Basic and Diluted | (0.01) |

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 21: Fair Value of Financial Instruments.

IND AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short-term nature of these account balances.

## Note 22: Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company manages and monitors these risks primarily through its operating and financing activities.

## Note 23: Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short-term deposits with reputable banks and financial institutions.

## Note 24: Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## Note 25: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the Company.

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 26: Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

## Note 27: Segment Reporting

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## Note 28: Taxation

### a) Reconciliation of Tax Expense with the Effective Tax

(₹ Lakhs)

| | March 31, 2023 |
|---|---|
| Profit Before Tax | (12.32) |
| Income-tax rate as applicable @ 26 % (previous year @ 26%) | (3.20) |
| **Permanent Tax Difference** | - |
| Effect of expenses that are not deductible in determining taxable profit | 4.31 |
| **Income Tax Expense Recognised in Statement of Profit & Loss** | **1.11** |

## Note 29: Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹290.09 Lakhs.

## Note 30: Revenue Expenditure Capitalised During Construction Period is as Follows:

(₹ Lakhs)

| Nature of Expenses | Amount |
|---|---|
| Interest on Lease liabilities | 0.13 |
| Amortisation of RoU | 5.41 |
| **Total** | **5.54** |

## Note 31: Ind AS – 116 "Leases"

The Company's leased assets mainly comprise land parcel. The term of property lease is 99 years.

### a) Total Lease Liabilities are Analysed as Follows:

(₹ Lakhs)

| Denominated in the following currencies: | March 31, 2023 |
|---|---|
| Indian Rupees | 1.99 |
| | - |
| **Total** | **1.99** |
| Analysed as | |
| Current | 0.25 |
| Non-current | 1.74 |
| **Total** | **1.99** |

# Notes to Financial Statements
for the year ended March 31, 2023

### b) Amounts Recognised in Profit or Loss:
The following amounts were recognised as expense in the year:

(₹ Lakhs)

| Denominated in the following currencies: | March 31, 2023 |
|---|---|
| Depreciation of right-of-use assets | - |
| Expense relating to variable lease payments | - |
| Expense relating to short-term leases and low-value assets | - |
| Interest on lease liabilities | - |
| **Total recognised in the Statement of profit & loss** | **-** |

### c) Exposure to Future Cash Flows:
The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

(₹ Lakhs)

| Maturity Analysis: | March 31, 2023 |
|---|---|
| Less than 1 year | 0.25 |
| Between 1 and 2 years | 0.10 |
| Between 2 and 5 years | 0.09 |
| More than 5 years | 1.55 |
| **Total** | **1.99** |

## Note 32: Ratios

| Sr. No. | Ratio | In times/% | Current | Amount | Amount | Amount |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 142.89 | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | - |
| b) | Debt – Equity | in times | - | Non - Current Borrowings + Current Borrowings | Total Equity | - |
| c) | Debt service coverage | in times | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | - |
| d) | Return on Equity | in % | (1.38) | Profit/(Loss) after tax | Average Total Equity | - |
| e) | Inventory Turnover | | NA | NA | NA | |
| f) | Trade Receivable Turnover | in times | - | Revenue from operations | * Average Trade Receivables | |
| g) | Trade Payable Turnover | in times | - | Total expenses - Depreciation - Interest - Payroll Cost | * Trade Payables | - |
| h) | Net Capital Turnover | in times | - | Net Sales | * Working Capital i.e. (Avg. Current Assets - Avg Current Liabilities) | |
| i) | Net Profit Ratio | in % | (254.36) | Profit/(Loss) after tax | Total Income | - |
| j) | Return on capital employed | in % | - | EBIT | * Avg. Equity + Avg. Debt + Avg. Leases | - |
| k) | Return on Investment | in % | NA | NA | NA | |

**Footnote:** Comparatives ratios are not available since this is first year of operations, hence reasons for deviations is not applicable.

# Notes to Financial Statements
for the year ended March 31, 2023

## Note 33: Related Party Transactions

**a) The names of related parties of the Company are as under:**

Ultimate Holding Company

- The Indian Hotels Company Limited

Associate Company

- Taida Trading & Industries Limited

**b) Transactions with related parties:**

(₹ Lakhs)

| Particulars of transactions | Holding Company | | Subsidiary/ Fellow Subsidiary/ Associate | | Other related Parties | |
|---|---|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| Current account transaction (Receipt/ Payments) | 82.92 | - | - | - | - | - |
| Salary | - | - | - | - | - | - |
| Reimbursement | - | - | 1.73 | 0.39 | - | - |

**Note 34:** There are no Foreign Currency Transactions During the Period.

**Note 35:** As this is the First Financial Statement of the Company Post Incorporation, Presentation of Comparative Period Figures is not Applicable.

In terms of our report of even date
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**RAMANARAYANAN J.**
Partner
Membership No. 220369
UDIN:
Place: Mumbai
Date:

For and on behalf of the Board

**BEEJAL DESAI**
Director
DIN: 03611725

**NABAKUMAR SHOME**
Director
DIN: 03605594

Place: Mumbai
Date:

# Independent Auditor's Report

To the Members of **Suisland Hospitality Private Limited**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of **Suisland Hospitality Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from August 24, 2022 to March 31, 2023, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and loss and other comprehensive income, changes in equity and its cash flows for the period 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

# Independent Auditor's Report (Contd.)

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

         (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend declared or paid during the period by the Company and accordingly reporting on compliance with Section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 01, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16): No remuneration has been paid by the Company to its directors during the period and accordingly reporting on compliance with provisions of Section 197 is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKA2735

Place: Mumbai
Date: April 20, 2023

# Annexure A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Suisland Hospitality Private Limited ("the Company") on the financial statements as of and for the period ended March 31, 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (PPE).

(B) The Company does not have any intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.

(b) As this is the first financial period post incorporation of the Company, the provisions of clause 3(i)(b) of the Order are not applicable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company. Accordingly reporting on clause 3(i)(c) of the Order with respect to owned property is not applicable.

In respect of immovable properties of land taken on lease and disclosed as right of use assets in the financial statements, the lease/license agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the period and hence paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the Company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, no loan/ investment/ guarantee/ security made by the Company during the period. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) As the Company does not have any subsidiary, associate or joint venture, paragraph 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the period and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period and hence the question of whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

# Annexure A (Contd.)

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the period.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle-blower complaints were received during the period by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the period are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act, 2013 due to the size and nature of its business. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the period, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

# Annexure A (Contd.)

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred a cash loss of ₹ 13.44 lakhs in the financial period. As this is the first financial reporting period post incorporation of the Company, reporting on cash loss in the preceding financial year is not applicable.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly this clause is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) As the Company is not required to spend any amount under Section 135 of the Companies Act for the financial period, paragraph 3(xx) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKA2735

Place: Mumbai
Date: April 20, 2023

# Annexure B

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

## Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of **Suisland Hospitality Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance

# Annexure B (Contd.)

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN: 23220369BGUYKA2735

Place of Signature: Mumbai
Date: April 20, 2023

# Balance Sheet
as at March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 3 | - |
| Right-of-use assets | 4 | 13,823.31 |
| Capital work-in-progress | 3 | 306.56 |
| Intangible assets | | - |
| | | **14,129.87** |
| Financial assets | | |
| Investments | 6 (a) | - |
| Other financial assets | 9 (a) | - |
| Advance Income Tax | | 0.37 |
| Other non-current assets | 10 (a) | - |
| | | **14,130.24** |
| **Current assets** | | |
| Financial assets | | |
| Investments | 6 (b) | - |
| Cash and cash equivalents | 7 | 492.36 |
| Bank Balances other than Cash and Cash Equivalent | 8 | - |
| Other financial assets | 9 (b) | 0.89 |
| Other current assets | 10 (b) | - |
| | | **493.25** |
| **Total** | | **14,623.49** |
| **Equity and Liabilities** | | |
| **Equity** | | |
| Equity share capital | 11 | 500.00 |
| Other equity | 12 | (13.44) |
| **Total equity** | | **486.56** |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 14,129.87 |
| | | **14,129.87** |
| **Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | - |
| Trade payables | 13 | |
| Total outstanding dues of micro and small enterprises | | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 0.90 |
| Other financial liabilities | 14 | 6.06 |
| Provisions | 15 | - |
| Current tax provisions | | - |
| Other current liabilities | 16 | 0.10 |
| | | **7.06** |
| **Total** | | **14,623.49** |
| Summary of significant accounting policies | 2 | |
| The accompanying notes form an integral part of the financial statements | | |

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on behalf of the Board

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN:

**Beejal Desai**
Director
DIN: 03611725

**Himanshu Jain**
Director
DIN: 06890639

Place: Mumbai
Date:

Place: Mumbai
Date:

# Statement of Profit and Loss
for the period August 22, 2022 to March 31, 2023

(₹ lakhs)

| | Note | March 31, 2023 |
|---|---|---|
| **Income** | | |
| Other income | 17 | 4.64 |
| **Total Income** | | **4.64** |
| **Expenses** | | |
| Finance cost | 18 | - |
| Depreciation & Amortisation | 3 / 4 | - |
| Other operating and general expenses | 19 | 18.08 |
| **Total Expenses** | | **18.08** |
| **Profit/ (Loss) before exceptional items and tax** | | **(13.44)** |
| **Exceptional items** | | - |
| **Profit/ (Loss) before tax** | | **(13.44)** |
| **Tax expenses** | | |
| Current tax | | - |
| Deferred tax | | - |
| **Total** | | **-** |
| **Profit/ (Loss) after tax** | | (13.44) |
| **Other Comprehensive Income** | | |
| other comprehensive Income for the period | | - |
| **Total comprehensive Income for the period** | | **(13.44)** |
| Earnings per share: | 20 | |
| Basic – (₹) | | (0.04) |
| Diluted – (₹) | | (0.04) |
| Face value per ordinary share – (₹) | | 1.00 |
| Summary of Significant Accounting Policies | 2 | |
| The accompanying notes form an integral part of the Financial Statements | | |

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on behalf of the Board

**Ramanarayanan J.**
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**Beejal Desai**
Director
DIN: 03611725

**Himanshu Jain**
Director
DIN: 06890639

Place: Mumbai
Date:

Place: Mumbai
Date:

# Cash Flow Statement

for the year ended March 31, 2023

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Cash Flow from Operating Activities** | |
| Profit Before Tax | (13.44) |
| **Adjustments for:** | |
| Depreciation and Amortisation | - |
| Finance Costs | - |
| Depreciation on Right-of-use-assets | - |
| Interest on lease liability | - |
| Interest Income | (4.64) |
| | **(4.64)** |
| Cash Operating Profit before working capital changes | (18.08) |
| **Adjustments for (increase)/ decrease in operating assets:** | |
| Loans and advances | - |
| Other Current Assets | - |
| Other Non-Current Assets | |
| | **-** |
| **Adjustments for increase/ (decrease) in operating liabilities:** | |
| Trade Payables | 0.90 |
| Other Liabilities | 6.16 |
| | **7.06** |
| Cash Generated from Operating Activities | (11.02) |
| Direct Taxes (Paid)/ Refunded | (0.37) |
| **Net Cash Generated from Operating Activities (A)** | **(11.39)** |
| **Cash Flow from Investing Activities** | |
| Purchase of Property, Plant and Equipment | - |
| Loss on sale of Investments | |
| Interest Received | 3.75 |
| Dividend Received | - |
| **Net Cash Generated/ (Used) In Investing Activities (B)** | **3.75** |
| **Cash Flow from Financing Activities** | |
| Payment of lease liabilities | - |
| Finance Cost | - |
| Proceeds from Issue of Share Capital | 500.00 |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **500.00** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | 492.36 |
| **Cash and Cash Equivalents – Opening** | - |
| **Cash and Cash Equivalents – Closing** | 492.36 |
| Summary of Significant Accounting Policies | 2 |
| The accompanying notes form an integral part of the Financial Statements | |

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN:

Place: Mumbai
Date:

For and on behalf of the Board

**Beejal Desai**
Director
DIN: 03611725

**Himanshu Jain**
Director
DIN: 06890639

Place: Mumbai
Date:

# Statement of Changes in Equity
as at March 31, 2023

(₹ lakhs)

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Shares Issued During the period** | 500.00 | - | - | - | - |
| Loss for the year ended March 31, 2023 | - | - | - | (13.44) | (13.44) |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **(13.44)** | **(13.44)** |
| **Balance as at March 31, 2023** | **500.00** | **-** | **-** | **(13.44)** | **(13.44)** |
| Summary of Significant Accounting Policies | 2 | | | | |
| The accompanying notes form an integral part of the Financial Statements | | | | | |

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

For and on behalf of the Board

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN:

**Beejal Desai**
Director
DIN: 03611725

**Himanshu Jain**
Director
DIN: 06890639

Place: Mumbai
Date:

Place: Mumbai
Date:

# Notes to Financial Statements

for year ended March 31, 2023

## Note 1: Background

Suisland Hospitality Private Limited ("SHPL" or the "Company"), is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013 on August 24, 2022 and has its registered office 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai – 400 021.

The Company is engaged in the business of hoteliering. It has entered into lease with UT Administration Lakshadweep Island for 75 years.

## Note 2: Significant Accounting Policies

**a) Basis of preparation and presentation:**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

**b) Critical Accounting Estimates and Judgements:**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value in use and fair value less cost to disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic comparable recent transactions and other market conditions.

- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

  Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**c) Revenue Recognition:**

### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

### Dividends

Dividend income is recognised when the Company's right to receive the amount is established.

**d) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for temporary improvements which are depreciated fully the same year of capitalisation.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work-in-progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

**e) Intangible Assets:**

Intangible assets includes lease acquisition rights and cost of acquired software Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

Lease acquisition rights are amortised from the acquisition date over the balance period of the lease.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**f) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**g) Foreign Currency Transactions-:**

The functional currency of the Company is Indian rupee (₹).

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

**h) Taxes on Income:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax:**

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**(ii) Deferred Tax:**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**i) Borrowing Costs:**

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

**j) Leases:**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's Balance Sheet as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities and
- payments for the principal and interest elements of recognised lease liabilities are presented within cash flows from financing activities

**k) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

**m) Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**n) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

***Subsequent Measurement:***

**Debt Instruments**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

***Equity Investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment of Financial Assets*

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Financial Liabilities:

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables.

#### Financial Liabilities at Fair Value through Profit or Loss

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

#### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### Derecognition

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

**o) Recent Accounting Pronouncements:**

**a) New Standards/ Amendments notified but not yet effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 01, 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 3: Property, Plant and Equipment (Owned, unless otherwise stated)

(₹ lakhs)

| | Office Equipment | Total | Capital Work-in-Progress |
|---|---|---|---|
| **Cost** | | | |
| Additions | - | - | 306.56 |
| Adjustments | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2023** | **-** | **-** | **306.56** |
| **Depreciation** | | | |
| Charge for the period | - | - | - |
| Adjustments | - | - | - |
| Disposals | - | - | |
| **At March 31, 2023** | **-** | **-** | **-** |
| **Net Block** | | | |
| **At March 31, 2023** | **-** | **-** | **306.56** |

### As at March 31, 2023

(i) Capital Work-in Progress (CWIP)

(a) For Capital work-in progress, following ageing schedule shall be given: CWIP aging schedule

(₹ lakhs)

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | 306.56 | - | - | - | 306.56 |
| **Total** | **306.56** | **-** | **-** | **-** | **306.56** |

## Note 4: Right-of-Use Assets

(₹ lakhs)

| | Land | Total |
|---|---|---|
| Additions | 13,868.87 | 13,868.87 |
| Deductions for the period | - | - |
| **At March 31, 2023** | **13,868.87** | **13,868.87** |
| **Depreciation** | | |
| Opening Adjustments | - | - |
| Charge for the period | 45.56 | 45.56 |
| Deduction for the period | - | - |
| **At March 31, 2023** | **45.56** | **45.56** |
| **Net Block** | | |
| **At March 31, 2023** | **13,823.31** | **13,823.31** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 5: Intangible Assets (Acquired)

(₹ lakhs)

| | Leasehold property Rights | Total |
|---|---|---|
| **Cost (Refer Footnotes below)** | | |
| At April 01, 2021 | - | - |
| Additions | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2022** | **-** | **-** |
| Additions | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2023** | **-** | **-** |
| **Amortisation** | | |
| At April 01, 2021 | - | - |
| Charge for the period | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2022** | **-** | **-** |
| Charge for the period | - | - |
| Adjustments | - | - |
| Disposals | - | - |
| **At March 31, 2023** | **-** | **-** |
| **Net Block** | | |
| **At March 31, 2022** | **-** | **-** |
| **At March 31, 2023** | **-** | **-** |

**Footnotes:**

i. On transition to Ind AS, carrying value of all the intangible assets under the previous GAAP is considered as the deemed cost under Ind AS. All accumulated amortisation was accordingly adjusted from the cost as on April 01, 2015.

ii. Pursuant to the Scheme of Amalgamation dated April 01, 2006, all the assets and liabilities including the existing assets and liabilities of the Company were recorded by the Company at their respective fair values as on the appointed date i.e. April 01, 2006 determined by an independent Government approved valuer. This resulted into a gain of ₹ 70,652.96 lakhs on fair valuation of leasehold land owned by the Company. As prescribed in the Scheme of Amalgamation and approved by the Honourable High Court, Mumbai the increase in book value arising on fair valuation of leasehold land of the Company has been credited to General Reserve.

## Note 6: Investments

### a) Non-Current Investments

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of Shares | (₹ lakhs) |
| | | - |
| | | - |
| Others | | |
| | | - |
| | | - |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### b) Current Investments

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of units | (₹ lakhs) |
| **TOTAL** | | **-** |

## Note 7: Cash and Cash Equivalents

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Cash on hand | - |
| Balances with bank in current account | 17.36 |
| Balances with bank in call and short term deposit account | 475.00 |
| (Original maturity less then 3 months) | |
| | **492.36** |

## Note 8: Bank Balances other than Cash and Cash Equivalent

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Other Balances with banks** | |
| Call and Short-term deposit accounts | - |
| Margin money deposits | - |
| | **-** |

## Note 9: Other Financial Assets

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **a) Non-Current** | |
| **Deposits with Public Bodies and Others at amortised costs** | |
| Public Bodies and Others | - |
| | **-** |
| **b) Current** | |
| Interest receivable | 0.89 |
| Others | - |
| | **0.89** |
| **On Current Account dues :** | |
| Related Parties | - |
| Others | - |
| | **-** |
| | **0.89** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 10: Other Assets

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Non-Current** | |
| Capital advances | - |
| Deposits with Government Authorities | - |
| | **-** |
| **Current** | |
| Prepaid Expenses | - |
| Others | - |
| | **-** |

## Note 11: Share Capital

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Authorised Share Capital** | |
| Equity Shares | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |
| **Issued Share Capital** | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |
| **Subscribed and Paid Up** | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |

**Footnotes:**

i) Shares held by the Holding Company along with its subsidiaries and associates Companies are as below:

| Name of the Company | No. of Shares March 31, 2023 |
|---|---|
| **Holding Company** | |
| The Indian Hotels Company Ltd. | 3,70,00,000 |
| **Fellow Subsidiary Company** | |
| Kaveri Retreat & Resorts Limited | 1,30,00,000 |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

ii) Shareholders holding more than 5% shares in the Company Promoter

| Name of the Company | No. of Shares March 31, 2023 |
|---|---|
| The Indian Hotels Company Ltd. | 3,70,00,000 |
| % of Holding | 74.00% |
| Kaveri Retreat & Resorts Limited | 1,30,00,000 |
| % of Holding | 26.00% |

iii) The Company has only one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proporation to their shareholding.

## Note 12: Other Equity

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Securities Premium** | |
| Opening and Closing Balance | - |
| **General Reserve** | |
| Opening and Closing Balance | - |
| **Retained Earnings** | |
| Deficit at the beginning of the year | 0.00 |
| Add: Current period loss | (13.44) |
| **Closing Retained Earnings** | **(13.44)** |
| **Reserves and Surplus Total** | **(13.44)** |

## Note 13: Trade Payables

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Trade payable to Micro and Small Enterprises | - |
| Others | |
| Vendor Payables | - |
| Accrued expenses and others | 0.90 |
| | **0.90** |

**Footnote:**

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable under the MSMED Act, have not been given.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

### Trade Payables ageing schedule

### As at March 31, 2023

(₹ lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables – MSME | - | - | - | - | - | - |
| (ii) Trade Payables – Others | - | - | - | - | - | - |
| (iii) Accrued Expenses | 0.90 | - | - | - | - | 0.90 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - |
| **Total** | **0.90** | **-** | **-** | **-** | **-** | **0.90** |

## Note 14: Other Financial liabilities

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Other payables** | |
| Related Parties | 6.06 |
| Others | - |
| | **6.06** |
| **Deposits from others** | |
| Unsecured | - |
| | **-** |
| | **6.06** |

## Note 15: Provisions

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **A) Short-term provisions** | |
| Provision for Contingencies | - |
| Others | - |
| | **-** |

## Note 16: Other Non-Financial Liabilities

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Current** | |
| Statutory dues | 0.10 |
| Others | - |
| | **0.10** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 17: Other Income

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **Interest Income from financial assets at amortised cost** | |
| Inter-corporate deposits | - |
| Deposits with Bank | 4.64 |
| | **4.64** |
| Interest on Income Tax Refunds | - |
| **Total** | **4.64** |
| Profit on sale of current investment | - |
| Gain on Current Investments carried at fair value | - |
| Others | - |
| **Total** | **4.64** |

## Note 18: Finance Cost

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Interest on Coporate Bonds | - |
| **Total** | **-** |

## Note 19: Other Operating and General Expenses

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| **(i) Operating expenses consist of the following:** | |
| Fuel, Power and Light | - |
| Repairs to Others | - |
| Payment to security Agency | - |
| Other Operating Expenses | - |
| **Total** | **-** |
| **(ii) General expenses consist of the following:** | |
| Rent | - |
| Rates and Taxes | - |
| Printing and Stationery | - |
| Professional Fees | - |
| Directors' fees | - |
| Payment made to Statutory Auditors (Refer Footnote (a)) | 1.00 |
| Other Expenses | 17.08 |
| | **18.08** |
| **Total** | **18.08** |

**Footnote:**

### a) Payment made to Statutory Auditors:

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| As auditors | 1.00 |
| For other services | - |
| | **1.00** |

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 20: Earnings Per Share (EPS)

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Earnings Per Share is calculated in accordance with Ind AS 33 - 'Earnings Per Share'. | |
| Profit/ (Loss) after tax – (₹ lakhs) | (13.44) |
| Weighted Average Number of Equity Shares | 3,04,10,959 |
| Face Value per Equity Share | 1.00 |
| Earning Per Share – (₹) Basic and Diluted | (0.04) |

## Note 21: Fair Value of Financial Instruments.

Ind AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short term nature of these account balances.

## Note 22: Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company manages and monitors these risks primarily through its operating and financing activities.

## Note 23: Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

## Note 24: Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## Note 25: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the Company.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 26: Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

## Note 27: Segment Reporting:

As there is no reportable segment as envisaged by Ind AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## Note 28: Taxation

### a) Reconciliation of tax expense with the effective tax

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Profit before tax | (13.44) |
| Income-tax rate as applicable @ 26 % (previous year @ 26%) | (3.49) |
| | - |
| **Permanent tax difference** | |
| Effect of expenses that are not deductible in determining taxable profit | **3.49** |
| **Income tax expense recognised in statement of profit & loss** | **-** |

## Note 29: Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ Nil lakhs

## Note 30: Revenue expenditure capitalised during construction period is as follows:

| Nature of expenses | Amount (₹ lakhs) |
|---|---|
| Interest on Lease liabilities | 216.00 |
| Amortisation of RoU | 45.56 |
| **Total** | **261.56** |

## Note 31: Ind AS – 116 "Leases"

The Company's leased assets mainly comprise land parcel. The term of property lease is 75 years.

### a) Total Lease Liabilities are analysed as follows:

(₹ lakhs)

| Denominated in the following currencies: | March 31, 2023 |
|---|---|
| Indian Rupees | 14,129.87 |
| | - |
| **Total** | **14,129.87** |
| Analysed as | |
| Current | - |
| Non-current | 14,129.87 |
| **Total** | **14,129.87** |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2023

### b) Amounts recognised in Profit or Loss

The following amounts were recognised as expense in the year:

(₹ lakhs)

| | March 31, 2023 |
|---|---|
| Depreciation of right-of-use assets | - |
| Expense relating to variable lease payments | - |
| Expense relating to short-term leases and low-value assets | - |
| Interest on lease liabilities | - |
| **Total recognised in the Statement of profit & loss** | **-** |

### c) Exposure to Future Cash Flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

(₹ lakhs)

| Maturity analysis: | March 31, 2023 |
|---|---|
| Less than 1 year | - |
| Between 1 and 2 years | - |
| Between 2 and 5 years | 1,733.88 |
| More than 5 years | 3,56,262.60 |
| **Total** | **3,57,996.48** |

## Note 32: Ratios

(₹ lakhs)

| Sr. No. | Ratio | in times/% | Current Year | Numerator | Denominator | Variance |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 69.87 | Current Assets | Current Liabilities excluding current maturities of long-term borrowings | - |
| b) | Debt – Equity | in times | - | Non-Current Borrowings + Current Borrowings | Total Equity | - |
| c) | Debt service coverage | in times | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | - |
| d) | Return on Equity | in % | (2.76) | Profit/ (Loss) after tax | Average Total Equity | - |
| e) | Inventory Turnover | | NA | NA | NA | |
| f) | Trade Receivable Turnover | in times | - | Revenue from operations | * Average Trade Receivables | |
| g) | Trade Payable Turnover | in times | 20.09 | Total expenses - Depreciation - Interest - Payrol Cost | * Trade Payables | - |
| h) | Net Capital Turnover | in times | - | Net Sales | * Working Capital i.e. (Avg. Current Assets - Avg. Current Liabilities) | |
| i) | Net Profit Ratio | in % | (2.90) | Profit/(Loss) after tax | Total Income | - |
| j) | Return on capital employed | in % | - | EBIT | * Avg. Equity + Avg. Debt + Avg. Leases | - |
| k) | Return on Investment | in % | NA | NA | NA | |

**Footnote:** Comparatives ratios are not available since this is first year of operations, hence reasons for deviations is not applicable.

# Notes to Financial Statements (Contd.)
for the year ended March 31, 2023

## Note 33: Related Party Transactions

a) The names of related parties of the Company are as under:

Ultimate Holding Company

- The Indian Hotels Company Limited

b) Transactions with related parties:

(₹ lakhs)

| Particulars of transactions | Holding Company | | Subsidiary / Fellow subsidiary | | Other related Parties | |
|---|---|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| | | | | | - | - |
| Current account transaction | 6.07 | 6.07 | - | - | - | - |

**Note 34:** There are no foreign currency transactions during the period.

**Note 35:** As this is the first financial statement of the Company post incorporation, presentation of comparative period figures is not applicable.

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

**Ramanarayanan J.**
Partner
Membership No. 220369
UDIN:

Place: Mumbai
Date:

For and on behalf of the Board

**Beejal Desai**
Director
DIN: 03611725

**Himanshu Jain**
Director
DIN: 06890639

Place: Mumbai
Date:

# Independent Auditor's Report

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Kadisland Hospitality Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from August 24, 2022 to March 31, 2023, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and loss and other comprehensive income, changes in equity and its cash flows for the period 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the

# Independent Auditor's Report (Contd.)

Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

# Independent Auditor's Report (Contd.)

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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2023 which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Independent Auditor's Report (Contd.)

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend declared or paid during the period by the Company and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company w.e.f. April 01, 2023 only, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

No remuneration has been paid by the Company to its directors during the period and accordingly reporting on compliance with provisions of Section 197 is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**Ramanarayanan J**
Partner
Membership No. 220369
UDIN: 23220369BGUYKB4914

Place of Signature: Mumbai
Date: April 20, 2023

# Annexure A

**Referred to in Paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date to the Members of Kadisland Hospitality Private Limited ("The Company") on the Financial Statements as of and for the Period Ended March 31, 2023.**

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (PPE).

(B) The Company does not have any intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.

(b) As this is the first financial period post incorporation of the Company, the provisions of clause 3(i)(b) of the Order are not applicable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company. Accordingly reporting on clause 3(i)(c) of the Order with respect to owned property is not applicable.

In respect of immovable properties of land taken on lease and disclosed as right of use assets in the financial statements, the lease/license agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the period and hence paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, during the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, no loan/investment/guarantee/security made by the Company during the period. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax,

# Annexure A (Contd.)

provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) As the Company does not have any subsidiary, associate or joint venture, paragraph 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the period and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the period.

# Annexure A (Contd.)

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the period by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the period are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv) In our opinion, the Company is statutorily not required to have an internal audit system as per provisions of the Companies Act 2013 due to the size and nature of its business. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) On the basis of the information and explanations given to us, in our opinion, during the period, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred a cash loss of ₹12.93 lakhs in the financial period. As this is the first financial reporting period post incorporation of the Company, reporting on cash loss in the preceding financial year is not applicable.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly this clause is not applicable.

# Annexure A (Contd.)

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) As the Company is not required to spend any amount under section 135 of the Companies Act for the financial period, paragraph 3(xx) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**Ramanarayanan J**
Partner
Membership No. 220369
UDIN: 23220369BGUYKB4914

Place of Signature: Mumbai
Date: April 20, 2023

# Annexure B

**Referred to in Paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our Report of Even Date**

## Report on the Internal Financial Controls with Reference to the Aforesaid Financial Statements Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Kadisland Hospitality Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

# Annexure - B (Contd.)

accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

**Ramanarayanan J**
Partner
Membership No. 220369
UDIN: 23220369BGUYKB4914

Place of Signature: Mumbai
Date: April 20, 2023

# Balance Sheet
as at March 31, 2023

₹ lakhs

| Particulars | Notes | March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Non-Current Assets** | | |
| Property, plant and equipment | 3 | - |
| Right-of-use assets | 4 | 13,069.31 |
| Capital work-in-progress | 3 | 293.79 |
| Intangible assets | 5 | - |
| | | **13,363.10** |
| **Financial assets** | | |
| Investments | 6(a) | - |
| Other financial assets | 9(a) | - |
| Advance Income Tax | | 0.37 |
| Other non-current assets | 10(a) | - |
| | | **13,363.47** |
| **Current Assets** | | |
| Financial assets | | |
| Investments | 6(b) | - |
| Cash and cash equivalents | 7 | 488.93 |
| Bank Balances other than Cash and Cash Equivalent | 8 | - |
| Other financial assets | 9(b) | 0.89 |
| Other current assets | 10(b) | - |
| | | **489.82** |
| **Total** | | **13,853.29** |
| **Equity and Liabilities** | | |
| **Equity** | | |
| Equity share capital | 11 | 500.00 |
| Other equity | 12 | (12.93) |
| **Total Equity** | | **487.07** |
| **Non-Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | - |
| | | - |
| **Current Liabilities** | | |
| Financial liabilities | | |
| Lease Liabilities | | 13,359.15 |
| Trade payables | 13 | |
| Total outstanding dues of micro and small enterprises | | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 0.90 |
| Other financial liabilities | 14 | 6.07 |
| Provisions | 15 | - |
| Current tax provisions | | - |
| Other current liabilities | 16 | 0.10 |
| | | **13,366.22** |
| **Total** | | **13,853.29** |
| Summary of significant accounting policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No : 003990S/S200018

Ramanarayanan J
Partner
Membership No.220369
UDIN:

Place : Mumbai
Date :

For and on behalf of the Board

Beejal Desai
Director
DIN : 03611725

Himanshu Jain
Director
DIN : 06890639

Place : Mumbai
Date :

# Statement of Profit and Loss

for the Period August 24, 2022 to March 31, 2023

₹ lakhs

| Particulars | Note | March 31, 2023 |
|---|---|---|
| **Income** | | |
| Other income | 17 | 4.64 |
| **Total Income** | | **4.64** |
| **Expenses** | | |
| Finance cost | 18 | - |
| Depreciation & Amortisation | 3 / 4 | - |
| Other operating and general expenses | 19 | 17.57 |
| **Total Expenses** | | **17.57** |
| **Profit/ (Loss) Before Exceptional Items and Tax** | | **(12.93)** |
| **Exceptional Items** | | - |
| **Profit/ (Loss) Before Tax** | | **(12.93)** |
| **Tax Expenses** | | |
| Current tax | | - |
| Deferred tax | | - |
| **Total** | | **-** |
| **Profit/ (Loss) After Tax** | | **(12.93)** |
| Other Comprehensive Income | | |
| other comprehensive Income for the period | | - |
| **Total Comprehensive Income for the Period** | | **(12.93)** |
| Earnings per share: | 20 | |
| Basic - (₹) | | (0.04) |
| Diluted - (₹) | | (0.04) |
| Face value per ordinary share - (₹) | | 1.00 |
| Summary of Significant Accounting Policies | 2 | |

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN:

Place : Mumbai
Date :

For and on behalf of the Board

**Beejal Desai**
Director
DIN : 03611725

**Himanshu Jain**
Director
DIN : 06890639

Place : Mumbai
Date :

# Statement of Changes in Equity
as at March 31, 2023

₹ lakhs

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Shares Issued During the Period** | **500.00** | **-** | **-** | **-** | **-** |
| Loss for the year ended March 31, 2023 | - | - | - | (12.93) | (12.93) |
| **Total Comprehensive Income for the Period** | **-** | **-** | **-** | **(12.93)** | **(12.93)** |
| **Balance as at March 31, 2023** | **500.00** | **-** | **-** | **(12.93)** | **(12.93)** |

Summary of Significant Accounting Policies 2

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN:

Place : Mumbai
Date :

For and on behalf of the Board

**Beejal Desai**
Director
DIN : 03611725

**Himanshu Jain**
Director
DIN : 06890639

Place : Mumbai
Date :

# Cash Flow Statement
for the year ended March 31, 2023

| | ₹ lakhs |
|---|---|
| | **March 31, 2023** |
| **Cash Flow From Operating Activities** | |
| Profit Before Tax | (12.93) |
| **Adjustments For :** | |
| Depreciation and Amortisation | - |
| Finance Costs | - |
| Depreciation on Right-of-use-assets | - |
| Interest on lease liability | - |
| Gain on fair value of current investment | - |
| Profit on sale of current investment | - |
| Interest Income | (4.64) |
| Provision for Contingencies | - |
| | **(4.64)** |
| Cash Operating Profit before working capital changes | (17.57) |
| **Adjustments for (Increase)/ Decrease in Operating Assets:** | |
| Loans and advances | - |
| Other Current Assets | - |
| Other Non-Current Assets | |
| | **-** |
| **Adjustments for Increase/ (Decrease) in Operating Liabilities:** | |
| Trade Payables | 0.90 |
| Other Liabilities | 6.17 |
| | **7.07** |
| Cash Generated from Operating Activities | (10.50) |
| Direct Taxes (Paid) / Refunded | (0.37) |
| **Net Cash Generated From Operating Activities (A)** | **(10.87)** |
| **Cash Flow From Investing Activities** | |
| Purchase of Property, Plant and Equipment | (3.95) |
| Loss on sale of Investments | |
| Interest Received | 3.75 |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **(0.20)** |
| **Cash Flow From Financing Activities** | |
| Payment of lease liabilities | - |
| Finance Cost | - |
| Proceeds from Issue of Share Capital | 500.00 |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **500.00** |
| **Net Increase/ (Decrease) In Cash and Cash Equivalents (A + B + C)** | **488.93** |
| **Cash and Cash Equivalents - Opening** | - |
| **Cash and Cash Equivalents - Closing** | **488.93** |

Summary of Significant Accounting Policies 2

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN:

Place : Mumbai
Date :

For and on behalf of the Board

**Beejal Desai**
Director
DIN : 03611725

**Himanshu Jain**
Director
DIN : 06890639

Place : Mumbai
Date :

# Notes to Financial Statements
for the Period Ended March 31, 2023

## Note 1 : Background

Kadisland Hospitality Private Limited ("KHPL" or the "Company"), is a private limited company domiciled in India and incorporated under the provisions of the Companies Act 2013 on August 24, 2022 and has its registered office 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai 400021.

The Company is engaged in the business of hoteliering. It has entered into lease with UT Administration Lakshadweep Island for 75 years.

## Note 2 : Significant Accounting Policies

**a) Basis of Preparation and Presentation:**

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended till date) read with Section 133 of the Companies Act, 2013.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

**b) Critical Accounting Estimates and Judgements**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- **Useful Lives of Property, Plant and Equipment and Intangible Assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.
- **Impairment Testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value in use and fair value less cost to disposal. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic comparable recent transactions and other market conditions.
- **Income Taxes:** Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

**c) Revenue Recognition**

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividends**

Dividend income is recognised when the Company's right to receive the amount is established.

**d) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for temporary improvements which are depreciated fully the same year of capitalisation.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

**e) Intangible Assets:**

Intangible assets includes lease acquisition rights and cost of acquired software Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year.

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

Lease acquisition rights are amortised from the acquisition date over the balance period of the lease.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**f) Impairment of Assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**g) Foreign Currency Transactions**

The functional currency of the Company is Indian rupee (₹).

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

**h) Taxes on Income**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

### (i) Current Tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### (ii) Deferred Tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit forming part of Deferred tax assets is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

## i) Borrowing Costs:

Borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

## j) Leases:

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company’s Balance Sheet as a right-of-use asset and a lease liability.

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

The Company has opted not to apply the lease accounting model to leases of low value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities and
- payments for the principal and interest elements of recognised lease liabilities are presented within cash flows from financing activities

### k) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date to reflect the current best estimates.

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised but only disclosed in the financial statements.

**l) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**m) Earnings Per Share**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**n) Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets:**

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial Recognition and Measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. In case of financial assets subsequently measured at fair value through profit or loss, such transaction costs are not included. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement:**

**Debt Instruments**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the transaction. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Equity Investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

### Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables.

#### Financial Liabilities at Fair Value through Profit or Loss

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

### Gains or Losses on Liabilities Held for Trading are Recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

### Derecognition

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

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## o) Recent Accounting Pronouncements

### a) New Standards/Amendments Notified but not yet Effective:

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from April 01, 2023. Following are few key amendments relevant to the Company:

(i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting –

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

(ii) Ind AS 107 – Financial Instruments: Disclosures – Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

(iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

(iv) Ind AS 12 – Income Taxes – In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognised on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

## Note 3 : Property, Plant and Equipment (Owned, Unless Otherwise Stated)

₹ lakhs

| | Office Equipment | Total | Capital Work in Progress |
|---|---|---|---|
| **Cost** | | | |
| Additions | - | - | 293.79 |
| Adjustments | - | - | - |
| Disposals/ Transfer | - | - | - |
| **At March 31, 2023** | **-** | **-** | **293.79** |
| **Depreciation** | | | |
| Charge for the period | - | - | - |
| Adjustments | - | - | - |
| Disposals | - | - | |
| **At March 31, 2023** | **-** | **-** | **-** |
| **Net Block** | | | |
| **At March 31, 2023** | **-** | **-** | **293.79** |

### As at March 31, 2023

(i) Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given: CWIP aging schedule

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | |
| Projects in progress | 293.79 | - | - | - | 293.79 |
| **Total** | **293.79** | **-** | **-** | **-** | **293.79** |

## Note 4 : Right-of-Use Assets

₹ lakhs

| | Land | Total |
|---|---|---|
| **Additions** | 13,112.39 | 13,112.39 |
| Deductions for the period | - | - |
| **At March 31, 2023** | **13,112.39** | **13,112.39** |
| **Depreciation** | | |
| Opening Adjustements | - | - |
| Charge for the period | 43.08 | 43.08 |
| Deduction for the period | - | - |
| **At March 31, 2023** | **43.08** | **43.08** |
| **Net Block** | | |
| **At March 31, 2023** | **13,069.31** | **13,069.31** |

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

## Note 6 : Investments

| | March 31, 2023 | |
|---|---|---|
| | Holdings no. of Shares | ₹ lakhs |
| a) Non Current Investments | | |
| | | - |
| | | - |
| b) Current Investments | | |
| Investments in Mutual Fund Units | | |
| **TOTAL** | | - |

## Note 7 : Cash and Cash Equivalents

₹ lakhs

| | March 31, 2023 |
|---|---|
| Cash on hand | - |
| Balances with bank in current account | 13.93 |
| Balances with bank in call and short term deposit account (Original maturity less then 3 months) | 475.00 |
| | **488.93** |

## Note 8 : Bank Balances Other than Cash and Cash Equivalent

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Other Balances with Banks** | |
| Call and Short-term deposit accounts | - |
| Margin money deposits | - |
| | - |

## Note 9 : Other Financial Assets

₹ lakhs

| | March 31, 2023 |
|---|---|
| **a) Non Current** | |
| **Deposits with Public Bodies and Others at amortised costs** | |
| Public Bodies and Others | - |
| | - |
| **b) Current** | |
| Interest receivable | 0.89 |
| Others | - |
| | **0.89** |
| **On Current Account dues :** | |
| Related Parties | - |
| Others | - |
| | - |
| | **0.89** |

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

## Note 10 : Other Assets

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Non Current** | |
| Capital advances | - |
| Deposits with Government Authoritites | - |
| | **-** |
| **Current** | |
| Prepaid Expenses | - |
| Others | - |
| | **-** |

## Note 11 : Share Capital

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Authorised Share Capital** | |
| Equity Shares | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |
| **Issued Share Capital** | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |
| **Subscribed and Paid Up** | |
| 5,00,00,000 | 500.00 |
| Equity Shares of ₹1/- each | |
| | **500.00** |

Footnotes:

i) Shares held by the Holding Company along with its subsidiaries and associates Companies are as below:

₹ lakhs

| | No. of Shares March 31, 2023 |
|---|---|
| **Name of the Company** | |
| **Holding Company** | |
| The Indian Hotels Company Ltd | 4,99,99,999 |
| **Fellow Subsidiary Company** | |
| Ideal Ice Limited | 1 |

iv) Shareholders holding more than 5% shares in the Company Promoter

₹ lakhs

| | No. of Shares March 31, 2023 |
|---|---|
| The Indian Hotels Company Ltd | 4,99,99,999 |
| % of Holding | 99.99% |

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

v) The Company has only one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proporation to their shareholding.

## Note 12 : Other Equity

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Securities Premium** | |
| Opening and Closing Balance | - |
| **General Reserve** | |
| Opening and Closing Balance | - |
| **Retained Earnings** | |
| Deficit at the beginning of the year | - |
| Add: Current period loss | (12.93) |
| **Closing Retained Earnings** | **(12.93)** |
| **Reserves and Surplus Total** | **(12.93)** |

## Note 13 : Trade Payables

₹ lakhs

| | March 31, 2023 |
|---|---|
| Trade payable to Micro and Small Enterprises | - |
| Others | |
| Vendor Payables | - |
| Accrued expenses and others | 0.90 |
| | **0.90** |

### Footnote :

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid / payable under the MSMED Act, have not been given.

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

### Trade Payables Ageing Schedule

### As at March 31, 2023

₹ lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled & Not Due | Less than 1 year | 1-2 years | 2- 3 years | More than 3 years | Total |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | - | - | - | - | - | - |
| (iii) Accrued Expenses | 0.90 | - | - | - | - | 0.90 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **0.90** | **-** | **-** | **-** | **-** | **0.90** |

## Note 14 : Other Financial Liabilities

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Other Payables** | |
| Related Parties | 6.07 |
| Others | - |
| | **6.07** |
| **Deposits from Others** | |
| Unsecured | - |
| | **-** |
| | **6.07** |

## Note 15 : Provisions

₹ lakhs

| | March 31, 2023 |
|---|---|
| **A) Short Term Provisions** | |
| Provision for Contingencies | - |
| Others | - |
| | **-** |

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

## Note 16 : Other Non Financial Liabilities

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Current** | |
| Statutory dues | 0.10 |
| Others | - |
| | **0.10** |

## Note 17 : Other Income

₹ lakhs

| | March 31, 2023 |
|---|---|
| **Interest Income from Financial Assets at Amortised Cost** | |
| Inter-corporate deposits | - |
| Deposits with Bank | 4.64 |
| | **4.64** |
| Interest on Income Tax Refunds | - |
| **Total** | **4.64** |
| Others | - |
| **Total** | **4.64** |

## Note 18 : Finance Cost

₹ lakhs

| | March 31, 2023 |
|---|---|
| Interest on Coporate Bonds | - |
| **Total** | **-** |

## Note 19 : Other Operating and General Expenses

₹ lakhs

| | | March 31, 2023 |
|---|---|---|
| **(i)** | **Operating Expenses Consist of the Following :** | |
| | Fuel, Power and Light | - |
| | Repairs to Others | - |
| | Payment to security Agency | - |
| | Other Operating Expenses | - |
| | **Total** | **-** |
| **(ii)** | **General Expenses Consist of the Following :** | |
| | Rent | - |
| | Rates and Taxes | - |
| | Printing and Stationery | - |
| | Professional Fees | - |
| | Directors' fees | - |
| | Payment made to Statutory Auditors (Refer Footnote (a)) | 1.00 |
| | Other Expenses | 16.57 |
| | | **17.57** |
| | **Total** | **17.57** |

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

**Footnotes:**

| | | March 31, 2023 |
|---|---|---|
| **a)** | **Payment Made to Statutory Auditors:** | |
| | As auditors | 1.00 |
| | For other services | - |
| | | **1.00** |

## Note 20 : Earnings Per Share (EPS)

₹ lakhs

| | March 31, 2023 |
|---|---|
| Earnings Per Share is calculated in accordance with IND AS 33 - 'Earnings Per Share'. | |
| Profit / (Loss) after tax - (₹ lakhs) | (12.93) |
| Weighted Average Number of Equity Shares | 3,01,36,986 |
| Face Value per Equity Share | 1.00 |
| Earning Per Share - (₹) Basic and Diluted | (0.04) |

## Note 21 : Fair Value of Financial Instruments.

IND AS requires the Company to disclose the fair values of its financial assets and financial liabilities. The carrying amounts of the Company's financial instruments, including cash, receivables etc., approximate fair values due to the short term nature of these account balances.

## Note 22 : Financial Risk Management Objectives and Policies

Financial instruments held by the company, principally comprise of cash, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company manages and monitors these risks primarily through its operating and financing activities.

## Note 23 : Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its investing activities, including deposits with banks and other financial instruments.

The Company's policy is to place cash and cash equivalents and short term deposits with reputable banks and financial institutions.

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

## Note 24 : Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled as at the reporting period.

## Note 25 : Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk. However, market risk is not significant for the company.

## Note 26 : Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and long-term and other strategic investment plans. The funding requirements are met primarily through equity.

As the Company has no borrowings, gearing ratio is not applicable.

## Note 27 : Segment Reporting:

As there is no reportable segment as envisaged by IND AS 108 "Operating Segment", no separate disclosure for segment reporting is made in the financial statements of the Company.

## Note 28 : Taxation

### a) Reconciliation of Tax Expense with the Effective Tax

₹ lakhs

| | March 31, 2023 |
|---|---|
| Profit Before Tax | (12.93) |
| Income-tax rate as applicable @ 26 % (previous year @ 26%) | (3.36) |
| **Permanent Tax Difference** | - |
| Effect of expenses that are not deductible in determining taxable profit | 3.36 |
| **income Tax Expense Recognised in Statement of Profit & Loss** | - |

## Note 29 : Capital Commitments

As on March 31, 2023, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advance) amounted to ₹ Nil lakhs.

**Note 30 :** Revenue expenditure capitalised during construction period is as follows:

| Nature of Expenses | Amount (₹ lakhs) |
|---|---|
| Interest on Lease liabilities | 246.76 |
| Amortisation of RoU | 43.08 |
| **Total** | **289.84** |

# Notes to Financial Statements (Contd.)

for the Period Ended March 31, 2023

## Note 31 : Ind AS – 116 "Leases"

The Company's leased assets mainly comprise land parcel. The term of property lease is 75 years.

### a. Total Lease Liabilities are Analysed as Follows:

₹ lakhs

| Denominated in the following currencies: | March 31, 2023 |
|---|---|
| Indian Rupees | 13,359.15 |
| **Total** | **13,359.15** |
| Analysed as | |
| Current | - |
| Non-current | 13,359.15 |
| **Total** | **13,359.15** |

### b. Amounts Recognised in Profit or Loss

The following amounts were recognised as expense in the year:

₹ lakhs

| | March 31, 2023 |
|---|---|
| Depreciation of right-of-use assets | - |
| Expense relating to variable lease payments | - |
| Expense relating to short-term leases and low-value assets | - |
| Interest on lease liabilities | - |
| **Total Recognised in the Statement of Profit & Loss** | **-** |

### c. Exposure to Future Cash Flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

₹ lakhs

| Maturity analysis: | March 31, 2023 |
|---|---|
| Less than 1 year | - |
| Between 1 and 2 years | - |
| Between 2 and 5 years | 1,639.30 |
| More than 5 years | 3,36,830.10 |
| **Total** | **3,38,469.40** |

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

## Note 32 : Ratios

| Sr No | Ratio | In Times/% | Current Year | Numerator | Denominator | Variance |
|---|---|---|---|---|---|---|
| a) | Current Ratio | in times | 0.04 | Current Assets | Current Liabilities excluding current maturities of long term borrowings | - |
| b) | Debt – Equity | in times | - | Non - Current Borrowings + Current Borrowings | Total Equity | - |
| c) | Debt service coverage | in times | - | Profit before Tax + Interest (Net) + Provision for impairment of investments + Depreciation and amortisation expenses | Interest (Net) + Lease Payments + Principal Repayment of long-term Debt)] | - |
| d) | Return on Equity | in % | (2.65) | Profit/(Loss) after tax | Average Total Equity | - |
| e) | Inventory Turnover | | NA | NA | NA | |
| f) | Trade Receivable Turnover | in times | - | Revenue from operations | * Average Trade Receivables | |
| g) | Trade Payable Turnover | in times | 19.52 | Total expenses - Depreciation - Interest - Payrol Cost | * Trade Payables | - |
| h) | Net Capital Turnover | in times | - | Net Sales | * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) | |
| i) | Net Profit Ratio | in % | (2.79) | Profit/(Loss) after tax | Total Income | - |
| j) | Return on capital employed | in % | - | EBIT | * Avg Equity + Avg Debt + Avg Leases | - |
| k) | Return on Investment | in % | NA | NA | NA | |

Note : Comparatives ratios are not available since this is first year of operations, hence reasons for deviations is not applicable.

## Note 33 : Related Party Transactions

**a. The names of related parties of the Company are as under :**

Ultimate Holding Company

- The Indian Hotels Company Limited

# Notes to Financial Statements (Contd.)
for the Period Ended March 31, 2023

**b. Transactions with related parties :**

₹ lakhs

| Particulars of transactions | Holding Company | | Subsidiary / Fellow subsidiary | | Other related Parties | |
|---|---|---|---|---|---|---|
| | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount | Transaction amount | Outstanding amount |
| Current account transaction | 6.07 | 6.07 | - | - | - | - |

**Note 34 :** There are no foreign currency transactions during the period.

**Note 35 :** As this is the first financial statement of the company post incorporation, presentation of comparative period figures is not applicable.

In terms of our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No : 003990S/S200018

**Ramanarayanan J**
Partner
Membership No.220369
UDIN:

Place : Mumbai
Date :

For and on behalf of the Board

**Beejal Desai**
Director
DIN : 03611725

**Himanshu Jain**
Director
DIN : 06890639

Place : Mumbai
Date :

# Independent Auditor's Report

To the Members of **Zarrenstar Hospitality Private Limited**

## Report on the Audit of the Standalone financial statements

## Opinion

1. We have audited the accompanying financial statements of Zarrenstar Hospitality Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive loss), changes in equity and its cash flows for the year then ended.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

## Other Information

4. Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

   When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

# Independent Auditor’s Report (Contd.)

6. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. 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

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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.

9. 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.

10. 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.

# Independent Auditor’s Report (Contd.)

## Report on other Legal and Regulatory Requirements

11. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows 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.

e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

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 (as amended), 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.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

   iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

# Independent Auditor's Report (Contd.)

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividends are declared and paid during the year by the Company.

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year, therefore the provisions of Section 197 read with Schedule V of the Act is not applicable.

For **Damji Merchant & Co.**
Chartered Accountants
Firms Registration No. 102082W

**Damji Merchant**
Partner
Membership No. 003741
UDIN :- 23003741BGZFQG9217

Place: Mumbai
Date: 10th April, 2023

# Annexure A to Independent Auditors' Report

### Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Zarrenstar Hospitality Private Limited on the financial statements as of and for the year ended March 31, 2023

i. The Company did not hold any fixed assets during the year under report. Accordingly, provisions of Paragraph 3 clause i(a), (b) and (c) of the Order are not applicable.

ii. The Company has no inventories during the year under report. Accordingly, provisions of Paragraph 3 clause ii(a) and (b) of the Order are not applicable.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates of joint ventures during the year.

(f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

# Annexure A to Independent Auditors' Report (Contd.)

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT- 4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. The provisions of Internal Audit under Companies Act, 2013 are not applicable to the Company. Accordingly, provisions of Paragraph 3 clause xiv(a) and (b) of the Order are not applicable.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, there are 6 Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period.

xvii. The Company has incurred accumulated cash losses of ₹ 53,42,700/- as at March 31, 2023.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 14 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is

# Annexure A to Independent Auditors' Report (Contd.)

not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. The Company is not covered under Section 135 of the Companies Act. Accordingly, provisions of Paragraph 3 clause xx(a) and (b) of the Order are not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Damji Merchant & Co.**
Chartered Accountants
Firms Registration No. 102082W

**Damji Merchant**
Partner
Membership No. 003741
UDIN :- 23003741BGZFQG9217

Place: Mumbai
Date: 10th April, 2023

# Annexure B to Independent Auditor's Report

## Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of Zarrenstar Hospitality Private Limited on the financial statements for the year ended March 31, 2023

## Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Zarrenstar Hospitality Private Limited ("the Company") as of March 31, 2023 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

2. 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards

# Annexure B to Independent Auditor's Report (Contd.)

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls with reference to Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023 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 issued by ICAI.

For **Damji Merchant & Co.**
Chartered Accountants
Firms Registration No. 102082W

**Damji Merchant**
Partner
Membership No. 003741
UDIN :- 23003741BGZFQG9217

Place: Mumbai
Date: 10th April, 2022

# Balance Sheet
for the year ended March 31, 2023

₹

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | | - | - |
| Intangible assets | | - | - |
| | | **-** | **-** |
| Financial assets | | | |
| Advance Income Tax (Net) | | - | - |
| Other non-current assets | 3 | 5,00,00,000 | - |
| | | **5,00,00,000** | **-** |
| **Current Assets** | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 33,93,835 | 2 |
| Bank Balances other than Cash and Cash Equivalent | 5 | - | - |
| Other financial assets | 6 | 28,767 | - |
| | | **34,22,602** | **2** |
| **Total** | | **5,34,22,602** | **2** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 7 | 2 | 2 |
| Other equity | 8 | (66,29,190) | (53,42,700) |
| **Total Equity** | | **(66,29,188)** | **(53,42,698)** |
| **Non-Current Liabilities** | | - | |
| | | **-** | **-** |
| **Current Liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 9 | 6,00,00,000 | - |
| Lease Liabilities | | - | - |
| Trade payables | 10 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 11,800 | 16,800 |
| Other financial liabilities | 11 | 35,991 | 53,25,900 |
| Provisions | | - | - |
| Provision for tax (net) | | | |
| Current tax provisions (Net) | | - | - |
| Other current liabilities | 12 | 3,999 | - |
| | | **6,00,51,790** | **53,42,700** |
| **Total** | | **5,34,22,602** | **2** |
| The accompanying notes form an integral part of the financial statements | 1-20 | | |

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firms Registration No :- 0102082W

**For and on behalf of the Board**

**Damji Merchant**
Partner
Membership No. 003741

**N N Shome**
Director
DIN : 3605594

**Beejal Desai**
Director
DIN : 3611725

Place : Mumbai
Date : 10th April, 2023

# Statement of Profit and Loss
for the year ended March 31, 2023

₹

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Other income | 13 | 28,767 | - |
| **Total Income** | | **28,767** | **-** |
| **Expenses** | | | |
| Finance cost | 14 | 39,990 | - |
| Depreciation | | - | - |
| Other operating and general expenses | 15 | 12,75,267 | 24,500 |
| **Total Expenses** | | **13,15,257** | **24,500** |
| **Profit/ (Loss) before exceptional items and tax** | | **(12,86,490)** | **(24,500)** |
| Exceptional items | | - | - |
| **Profit/ (Loss) before tax** | | **(12,86,490)** | **(24,500)** |
| **Tax expenses** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total** | | **-** | **-** |
| **Profit/ (Loss) after tax** | | **(12,86,490)** | **(24,500)** |
| **Other Comprehensive Income** | | | |
| other comprehensive Income for the period | | - | - |
| **Total comprehensive Income for the period** | | **(12,86,490)** | **(24,500)** |
| The accompanying notes form an integral part of the Financial Statements | 1-20 | | |

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firms Registration No :- 0102082W

**For and on behalf of the Board**

**Damji Merchant**
Partner
Membership No. 003741

**N N Shome**
Director
DIN : 3605594

**Beejal Desai**
Director
DIN : 3611725

Place : Mumbai
Date : 10th April, 2023

# Statement of Changes in Equity
for the year ended March 31, 2023

₹

| Particulars | Equity Share Capital Subscribed | Reserves and Surplus | | | |
|---|---|---|---|---|---|
| | | Securities Premium | General Reserve | Retained Earnings | Total |
| **Balance as at April 1, 2021** | 2 | - | - | (53,18,200) | (53,18,198) |
| Loss for the period ended March 31, 2022 | - | - | - | (24,500) | (24,500) |
| **Total Comprehensive Income for the year ended March 31, 2022** | **-** | **-** | **-** | **(24,500)** | **(24,500)** |
| **Add/ Less:** | - | - | - | - | - |
| **Balance as at March 31, 2022** | **2** | **-** | **-** | **(53,42,700)** | **(53,42,698)** |
| Loss for the period ended March 31, 2023 | - | - | - | (12,86,490) | (12,86,490) |
| **Total Comprehensive Income for the Period ended March 31, 2023** | **-** | **-** | **-** | **(12,86,490)** | **(12,86,490)** |
| **Add/ Less:** | - | - | - | - | - |
| **Balance as at March 31, 2023** | **2** | **-** | **-** | **(66,29,190)** | **(66,29,188)** |
| The accompanying notes form an integral part of the Financial Statements | (Refer Note 1 - 20) | | | | |

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firms Registration No :- 0102082W

**For and on behalf of the Board**

**Damji Merchant**
Partner
Membership No. 003741

**N N Shome**
Director
DIN : 3605594

**Beejal Desai**
Director
DIN : 3611725

Place : Mumbai
Date : 10th April, 2023

# Cash Flow Statement

for the year ended March 31, 2023

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Profit Before Tax | (12,86,490) | (24,500) |
| **Adjustments For :** | | |
| Finance Costs | 39,990 | - |
| Interest Income | (28,767) | - |
| | **11,223** | **-** |
| Cash Operating Profit before working capital changes | (12,75,267) | (24,500) |
| **Adjustments for (increase)/ decrease in Operating Assets:** | | |
| Loans and advances | - | - |
| Other Non-Current Assets | - | - |
| | **-** | **-** |
| **Adjustments for increase/ (decrease) in Operating Liabilities:** | | |
| Trade Payables | (5,000) | 5,000 |
| Other Liabilities | (53,25,900) | 19,500 |
| | **(53,30,900)** | **24,500** |
| **Cash Generated from Operating Activities** | **(66,06,167)** | **-** |
| Direct Taxes (Paid) / Refunded | - | - |
| **Net Cash Generated From Operating Activities (A)** | **(66,06,167)** | **-** |
| **Cash Flow From Investing Activities** | | |
| Purchase of Property, Plant and Equipment | - | - |
| Sale of current Investments | - | - |
| Bank Balances not considered as Cash & Cash Equivalents | (5,00,00,000) | - |
| Short-term Deposits repaid / (placed) | - | - |
| **Net Cash Generated/(Used) In Investing Activities (B)** | **(5,00,00,000)** | **-** |
| **Cash Flow From Financing Activities** | | |
| Proceeds from short-term borrowings | 6,00,00,000 | - |
| **Net Cash Generated/ (Used) In Financing Activities (C)** | **6,00,00,000** | **-** |
| **Net Increase/ (Decrease) In Cash and cash equivalents (A + B + C)** | 33,93,833 | - |
| **Cash and Cash Equivalents - Opening** | 2 | 2 |
| **Cash and Cash Equivalents - Closing** | 33,93,835 | 2 |
| The accompanying notes form an integral part of the Financial Statements (Refer Note 1 - 20) | | |

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firms Registration No :- 0102082W

**For and on behalf of the Board**

**Damji Merchant**
Partner
Membership No. 003741

**N N Shome**
Director
DIN : 3605594

**Beejal Desai**
Director
DIN : 3611725

Place : Mumbai
Date : 10th April, 2023

# Notes to Financial Statements
for year ended March 31, 2023

## Note 1: Corporate Information

a. Zarrenstar Hospitality Private Limited ("the Company") is incorporated on 05th February, 2020 and domiciled in India and has its registered office at 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai, 400021.

b. The financial statement of the Company is prepared in accordance with Ind-AS.

c. The Financial Statements are prepared on going concern basis.

d. The Management is of the opinion that there is no requirement related to Judgements and Sources of estimation uncertainty.

e. The Company is incorporated as a Joint Venture Company between The Indian Hotels Company Limited and Taida Trading and Industries Limited for acquiring hotels in India.

f. W .e. f. March 10, 2023 Taida Trading and Industries Limited has sold their shares to Skydeck Properties and Developers Private Limited and Zarrenstar Hospitality Private Limited become the subsidiary of The Indian Hotels Co. Ltd.

## Note 2: Significant Accounting Policies

**a. Statement of Compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The accounting policies as set out below have been applied consistently to all years presented in these financial statements. As the Company has not started its commercial operations, the Management will decide and implement the applicable Ind-AS to the extent applicable in the next Financial year.

**b. Basis of Preparation and Presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**c. Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**d. Revenue Recognition:**

Revenue is recognised as and when the Company's right to receive the amount is established.

**e. Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(i) Current Tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(ii) Deferred Tax :**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**f. Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

**g. Cash and Cash Equivalent (for the purpose of cash flow statements):**

Cash comprises cash on hand and demand 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.

**h. Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**i. Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post- tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 3 : Other Non-Current Assets

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Non Current** | | |
| Capital advances | - | - |
| Deposits with Government Authoritites | - | - |
| Deposits with Banks (Refer Note 5) | 5,00,00,000 | |
| | **5,00,00,000** | **-** |

## Note 4 : Cash and Cash Equivalents

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | - | - |
| Balances with bank in current account | 33,93,835 | 2 |
| | **33,93,835** | **2** |

## Note 5 : Bank Balances other than Cash and Cash Equivalent

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Margin money deposits | 5,00,00,000 | - |
| | **5,00,00,000** | **-** |
| Less: Term Deposit with Bank maturing after 12 months from the balance sheet date and other Earmarked/Margin Money/Pledged deposits classified as Non-Current Financial Asset (Refer Note 3) | 5,00,00,000 | - |
| | **-** | **-** |

## Note 6 : Other Financial Assets

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **a) Non Current** | | |
| **Deposits with Public Bodies and Others at amortised costs** | | |
| Public Bodies and Others (Refer footnote below) | - | - |
| | **-** | **-** |
| **b) Current** | | |
| **Interest Receivable** | | |
| Bank Deposits | 28,767 | - |
| Others | - | - |
| | **28,767** | **-** |
| | **28,767** | **-** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 7 : Share Capital

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Share Capital** | | |
| 54,50,00,000 Equity Shares of ₹ 1/- each | 54,50,00,000 | 54,50,00,000 |
| | **54,50,00,000** | 54,50,00,000 |
| **Issued Share Capital** | | |
| 2 Equity Shares of ₹ 1/- each | 2 | 2 |
| | **2** | **2** |
| **Subscribed and Paid Up** | | |
| 2 Equity Shares of ₹ 1/- each | 2 | 2 |
| | **2** | **2** |

Footnotes:

**1. Equity Share Capital is required in the below format :-**

| Balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|
| 2 | - | 2 |

**2. Equity Share Capital is required in the below format for previous period :-**

| Balance at the beginning of the previous reporting period | Changes in equity share capital during the previous year | Balance at the end of the previous reporting period |
|---|---|---|
| 2 | - | 2 |

**3. Company shall disclose shareholding of promoters as under :-**

| Shares held by promoters at the end of the year | | | | % Change during the year |
|---|---|---|---|---|
| Sr no. | Promoter name | Nos. of shares | Nos. of shares % of total shares | |
| 1 | The Indian Hotels Company Limited | 1 | 50% | - |
| 2 | Skydeck Properties and Developers Private Limited | 1 | 50% | - |

## Note 8 : Other Equity

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Retained Earnings** | | |
| Deficit at the beginning of the year | (53,42,700) | (53,18,200) |
| Add: Current year loss | (12,86,490) | (24,500) |
| **Closing Retained Earnings** | **(66,29,190)** | **(53,42,700)** |
| **Reserves and Surplus Total** | **(66,29,190)** | **(53,42,700)** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 9 : Borrowings

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Short-term borrowings** | | |
| Short-term borrowings from Related parties* | 6,00,00,000 | |
| Short-term borrowings from Others | - | |
| | **6,00,00,000** | **-** |

* The Company has availed ICD of ₹ 6 crores from The Indian Hotels Company Limited at interest rate of 9% p.a. for the period of 90 days

## Note 10 : Trade Payables

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade payable to Micro and Small Enterprises | - | - |
| Others | | |
| Vendor Payables | - | - |
| Accrued expenses and others | 11,800 | 16,800 |
| | **11,800** | **16,800** |

Footnote :

**Outstanding for following periods from due date of payment**

₹

| | Accrued Expenses | Total |
|---|---|---|
| MSME | - | - |
| | - | - |
| Others | 11,800 | 16,800 |
| | *16,800* | *11,800* |
| | ***11,800*** | **16,800** |
| | ***16,800*** | ***11,800*** |

* Figure is italic are for previous year

The Company has not received any information from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and hence disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid / payable under the MSMED Act, have not been given.

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 11 : Other Financial liabilities

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| **Other payables** | | |
| Related Parties (Refer note below) | - | 53,25,900 |
| Others | - | - |
| | **-** | **53,25,900** |
| Interest accrued but not due on borrowings | 35,991 | - |
| | **35,991** | **53,25,900** |

Note: Other Payables mainly consist of Stamp Duty payment by The Indian Hotels Company Limited for increase in Authorised Share Capital of the Company

## Note 12 : Other non financial Liabilities

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current** | | |
| Statutory dues | 3,999 | - |
| Others | - | - |
| | **3,999** | **-** |

## Note 13 : Other Income

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Income from financial assets at amortised cost | | |
| Inter-corporate deposits | - | - |
| Deposits with Bank | 28,767 | - |
| | **28,767** | **-** |
| Interest on Income Tax Refunds | - | - |
| **Total** | **28,767** | **-** |

## Note 14 : Finance Cost

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest on Lease liability | - | - |
| Interest on ICD | 39,990 | - |
| **Total** | **39,990** | **-** |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 15 : Other Operating and General Expenses

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(i) Operating expenses consist of the following :** | | |
| Fuel, Power and Light | - | - |
| Repairs to Others | - | - |
| Payment to security Agency | - | - |
| Other Operating Expenses | 12,29,667 | - |
| **Total** | **12,29,667** | **-** |
| **(ii) General expenses consist of the following :** | | |
| Rent | - | - |
| Rates and Taxes | 10,200 | 1,800 |
| Printing and Stationery | - | - |
| Professional Fees | 23,600 | 5,000 |
| Directors' fees | - | - |
| Payment made to Statutory Auditors (Refer Footnote (a)) | 11,800 | 17,700 |
| *Reimbursement Expenses | - | - |
| | **45,600** | **24,500** |
| *Reimbursement of Expenses is on account of Stamp Duty payment by The Indian Hotels Company Limited for increase in Authorised Share Capital of the Company | | |
| **Total** | **12,75,267** | **24,500** |

Footnotes:

₹

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **a) Payment made to Statutory Auditors:** | | |
| As auditors | 11,800 | 11,800 |
| For other services | - | 5,900 |
| | **11,800** | **17,700** |

## Note 16 : Going Concern

The losses of the company of ₹ 12,86,490/- as at March 31, 2023 (₹ 24,500/- as at March 31, 2022). The promoters have agreed to provide the required funds to carry on the operations of the company and fulfill its commitment.

## Note 17 : Contingent Liabilities and commitments

₹

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Contingent Liabilities | Nil | Nil |

# Notes to Financial Statements (Contd.)
for year ended March 31, 2023

## Note 18 : Related Party Transactions

**a. The names of related parties of the Company are as under:**

### Companies having Significant Influence

| Name of the Company | Country of Origin |
|---|---|
| The Indian Hotels Company Limited (IHCL) | India |
| Skydeck Properties and Developers Private Limited | India |
| **Subsidiaries** | |
| Nil | |

**b. Details of related party transactions during the year ended March 31, 2023 and outstanding balances as at March 31, 2023:**

₹

| Name of the Company | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Companies having Significant Influence** | | |
| **The Indian Hotels Company Limited (IHCL)** | | |
| Reimbursement of Expenses | 50,600 | 19,500 |
| Interest Expense | 39,990 | - |
| Other Payable | - | 53,25,900 |
| Interest Accrued but not due | 35,991 | - |
| ICD Taken | 6,00,00,000 | - |

## Note 19 : Earnings Per Share:

₹

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit/(loss) for the year as per the Statement of profit and loss | (12,86,490) | (24,500) |
| Profit/(loss) available to equity share holders | (12,86,490) | (24,500) |
| Weighted average number of equity shares | 2 | 2 |
| Nominal Value per share | 1 | 1 |
| Earnings per share – Basic & Diluted | (6,43,245) | (12,250) |

## Note 20 : Recent Accounting Pronouncements:

MCA Notification G.S.R. 207(E) dated 24th March, 2021 –

1. Ageing Schedule for Trade Receivable and Trade Payables are not given as there is no data to report.
2. Point no. Y. Additional Regulatory Information –
    a. Point no. i is not applicable as the Company does not have any immovable properties.
    b. Point no. ii is not applicable as the Company does not have any Plant, Property and Equipment.
    c. Point no. iii is not applicable as there are no Loans or Advances granted to promoters, directors, KMPs and the related parties either severally or jointly with any other person.
    d. Point no. iv is not applicable as the Company does not have any Capital Work in Progress.
    e. Point no. v is not applicable as the Company does not have any intangible assets under development.
    f. Point no. vi is not applicable as the no proceedings against the Company has been initiated under Benami Transactions (Prohibition) Act, 1988 (45 of 1988).

# Notes to Financial Statements (Contd.)

for year ended March 31, 2023

g. Point no. vii is not applicable as there are no borrowings from banks or financial institutions.

h. Point no. viii is not applicable as the Company is not a Wilful defaulter.

i. Point no. ix is not applicable as the Company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

j. Point no. x is not applicable as no charges or satisfaction are registered with Registrar of Companies.

k. Point no. xi is not applicable as the provisions for complying with number of layers of companies is applicable.

l. Point no. xii – Ratios are as under :-

| Ratios | FY 2022-23 | FY 2021-22 | Formula |
|---|---|---|---|
| Current Ratio | 0.89 | NA | Current Asset / Current Liabilities excluding current maturities of long term borrowings |
| Debt-Equity Ratio | (9.05) | NA | Total Debt / Total Equity |
| Debt Service Coverage Ratio | NA | NA | (Profit Before Tax +Net Interest cost+Provision for Long Term investments+ Depreciation) / ( Net Interest cost + Principal Repayment) |
| Return on Equity Ratio | (6,43,245.00) | (12,250.00) | Profit/(Loss) after tax / Average Total Equity |
| | | | Explanation – Pre-incorporation expenses were debited in FY 2020-21 as it was the first year. |
| Inventory Turnover Ratio | NA | NA | NA |
| Trade Receivables Turnover Ratio | NA | NA | Revenue from operations / * Average Trade Receivables |
| Trade Payables Turnover Ratio | NA | NA | Revenue from operations / * Average Trade Receivables |
| Net Capital Turnover Ratio | NA | NA | Net Sales / * Working Capital i.e (Avg Current Assets - Avg Current Liabilities) |
| Net Profit Ratio | NA | NA | Profit/(Loss) after tax / Total Income |
| Return on Capital employed | (0.04) | (12,250.00) | EBIT / * Avg Equity + Avg Debt + Avg Leases |
| Return on investment | NA | NA | NA |

* Average = (Opening + Closing)/2

The Company is a freshly incorporated entity having compliance and other non-operating expenses in the current financial year, therefore, the reasons of deviation of above 25% are not provided.

Figures of the previous year have been regrouped or rearranged wherever necessary to make them comparable to those of the current year.

Signature to Notes 1 to 20

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firms Registration No:- 0102082W

**For and on behalf of the Board**

**Damji Merchant**
Partner
Membership No. 003741

**N N Shome**
Director
DIN : 3605594

**Beejal Desai**
Director
DIN : 3611725

Place : Mumbai
Date : 10th April, 2023

# Independent Auditors' Report

**To the Shareholders of IHOCO B.V.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of IHOCO B.V. ("the Company"), which comprise the statement of financial position as at March 31, 2023, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is Directors report, but does not include the financial statements and our auditors' 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 on the other information obtained prior to the date of this auditors' report, 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

# Independent Auditor's Report (Continued)

## Auditors' 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 auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 auditors' 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 auditors' 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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

**Tarun Kinger**
**Partner**
Membership No: 105003
UDIN: 23105003BGYDKD5110

Mumbai
April 25, 2023

# Statement of financial position
as at March 31, 2023

(US$)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Investments | 3 | 333,337,336 | 258,391,586 |
| Other receivables | 4 | 395,480 | - |
| | | **333,732,816** | **258,391,586** |
| **Current Assets** | | | |
| Trade and other receivables | 5 | 139 | 640,195 |
| Cash and cash equivalents | 6 | 9,174,880 | 6,666,422 |
| | | **9,175,019** | **7,306,617** |
| **Total Assets** | | **342,907,835** | **265,698,203** |
| **Equity** | | | |
| Share capital | 7 | 36,106,339 | 28,185,546 |
| Share premium | | 422,267,999 | 350,188,792 |
| Reserves | 8 | 4,587,118 | 4,587,118 |
| Retained earnings | | (120,076,738) | (117,296,383) |
| **Total Equity** | | **342,884,718** | **265,665,073** |
| **Current Liabilities** | | | |
| Trade and other payables | 9 | 23,117 | 33,130 |
| **Total Equity and Liabilities** | | **342,907,835** | **265,698,203** |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on April 25, 2023.

**Nabakumar Shome**
Director A

**N. Chandrasekhar**
Director A

The notes form an integral part of these financial statements.

# Statement of profit or loss and other comprehensive income

for the year ended March 31, 2023

(US$)

| | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 10 | 4,427 | 49,519 |
| Other Income | 11 | 17,267 | 438 |
| **Total Income** | | **21,694** | **49,957** |
| Administrative expenses | 12 | (113,049) | (144,899) |
| Impairment of investments | 3 | (2,689,000) | (15,740,000) |
| **Loss on ordinary activities before taxation** | | **(2,780,355)** | **(15,834,942)** |
| Taxation on profit on ordinary activities | 13 | - | - |
| Earlier year tax reversal | 13 | - | - |
| **Loss for the year** | | **(2,780,355)** | **(15,834,942)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **(2,780,355)** | **(15,834,942)** |
| **Earnings per share:** | 19 | | |
| Basic (US$) | | (0.08) | (0.58) |
| Diluted (US$) | | (0.08) | (0.58) |
| Face value per equity share (US$) | | 1.00 | 1.00 |

The notes form an integral part of these financial statements.

# Statement of changes in equity
for the year ended March 31, 2023

(US$)

| | Share capital | Share premium account | Revaluation reserve | Profit and loss account | Total equity |
|---|---|---|---|---|---|
| **April 1, 2021** | 26,382,855 | 331,891,483 | 4,587,118 | (101,461,441) | 261,400,015 |
| **Total Comprehensive income for the period** | | | | | |
| Loss for the period | - | - | - | (15,834,942) | (15,834,942) |
| Other comprehensive income for the period | - | - | - | - | - |
| **Contributions by and distribution to owners** | | | | | |
| Shares issued | 1,802,691 | 18,297,309 | - | - | 20,100,000 |
| **March 31, 2022** | **28,185,546** | **350,188,792** | **4,587,118** | **(117,296,383)** | **265,665,073** |
| **Comprehensive income for the period** | | | | | |
| Loss for the period | - | - | - | (2,780,355) | (2,780,355) |
| Other comprehensive income for the period | - | - | - | - | - |
| **Contributions by and distribution to owners** | | | | | |
| Shares issued | 7,920,793 | 72,079,207 | - | - | 80,000,000 |
| **March 31, 2023** | **36,106,339** | **422,267,999** | **4,587,118** | **(120,076,738)** | **342,884,718** |

The notes form an integral part of these financial statements.

# Statement of Cash flows

for the year ended March 31, 2023

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | (2,780,355) | (15,834,942) |
| **Adjustments for:** | | |
| Interest Income | (21,694) | (49,889) |
| Income tax expense | - | - |
| Impairment of investments | 2,689,000 | 15,740,000 |
| **Operating cash flows before movements in working capital** | **(113,049)** | **(144,831)** |
| Increase/(decrease) in trade and other receivables | 21 | 36 |
| (Decrease)/Increase in trade and other payables | (9,999) | 5,855 |
| **Cash generated by operations** | **(123,027)** | **(138,940)** |
| Income taxes refund received/(paid) | - | (150,550) |
| **Net cash from operating activities** | **(123,027)** | **(289,490)** |
| **Cash flows from Investing activities** | | |
| Investment in subsidiaries/JVs/associates | (77,634,750) | (16,230,000) |
| Loans advanced to a related party | (395,000) | (626,501) |
| Proceeds from Related Party on refund of loan | 626,501 | 1,500,000 |
| Interest received | 34,734 | 36,370 |
| **Net cash (used in) investing activities** | **(77,368,515)** | **(15,320,131)** |
| **Cash flows from Financing activities** | | |
| Proceeds on issue of shares | 80,000,000 | 20,100,000 |
| **Net cash generated from financing activities** | **80,000,000** | **20,100,000** |
| **Net increase in cash and cash equivalents** | 2,508,458 | 4,490,379 |
| Cash and cash equivalents at beginning of year (note 6) | 6,666,422 | 2,176,043 |
| **Cash and cash equivalents at end of year (note 6)** | **9,174,880** | **6,666,422** |

The notes form an integral part of these financial statements.

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 1. Accounting Policies

IHOCO B.V. is a private company ('the Company'), limited by shares, incorporated in the Netherlands. The address of the registered office is given on the company information page and the nature of the company's operations and principal activities are set out in the report of the directors.

The management has voluntarily adopted International Financial Reporting Standards ('IFRS') with effect from April 1, 2018. Up to and including the year ended March 31, 2018, the Company prepared its annual financial statements in accordance with United Kingdom Generally Accepted Accounting Principles.

These financial statements were authorised for issue by the Company's board of directors on April 25, 2023.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The financial statements have been prepared on accrual and Going concern basis.

### Group accounts

The Company is a wholly owned subsidiary of The Indian Hotels Company Limited. The Company is included in the consolidated financial statements of The Indian Hotels Company Limited. Therefore, the Company has taken exemption from the preparation of consolidated financial statements as permitted by IFRS 10.

The financial statements contain information about the Company as an individual company and so do not contain consolidated financial information as the parent of a group.

The following principal accounting policies have been applied:

### Associates and Joint Ventures

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

### Revenue

Interest receivable on loans is accrued based on the amounts owed at the effective rate of interest.

Dividend income is recognised when the company has the right to receive that income.

### Valuation of Investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Certain investments have previously been subject to revaluation (see note 8) however on implementation of IFRS, the directors have elected to treat the brought forward carrying values as being held at deemed cost and do not propose to revalue investments going forward.

### Foreign Currency Translation

#### (a) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') in US dollar.

# Notes forming part of the financial statements

for the year ended March 31, 2023

Shares which were originally issued in Dutch Guilders were restated on 8 October 2015 at the US dollar equivalent at the time of issue with the difference included in a share redenomination reserve. Movements in this reserve represent the changes arising from the retranslation in each period and is transferred to / from the profit and loss reserve.

**(b) Transactions and Balances**

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

### Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### Reserves

The Company reserves as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The revaluation reserve represents the difference between the cost of investments at acquisition and the date of revaluation.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are viewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management has determined whether there are any indicators of impairment of the Company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

## 3. Investments

(US$)

| | Subsidiary undertakings | Associated undertakings | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at April 1, 2022** | **206,773,087** | **51,128,499** | **257,901,586** |
| Additions | 16,230,000 | - | 16,230,000 |
| Impairments | (9,380,000) | (6,360,000) | (15,740,000) |
| **At March 31, 2022** | **213,623,087** | **44,768,499** | **258,391,586** |
| Additions | 77,634,750 | - | 77,634,750 |
| Impairments | (2,689,000) | - | (2,689,000) |
| **At March 31, 2023** | **288,568,837** | **44,768,499** | **333,337,336** |

In adopting IFRS, the Company has treated the value of its investments as at April 1, 2017 as deemed costs and translated such costs at the prevailing US$ rate. All investments acquired after that date are stated at cost less impairments.

During the year, the Company impaired its investments in its subsidiary USD 2,689,000. The impairment is on account of cash losses incurred by subsidiary.

### Subsidiary undertakings and associated undertakings

The principal undertakings in which the company's interest at the year-end are as follows:

| Name | Country of Incorporation or registration | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| **Subsidiary Undertakings** | | | |
| St James Court Hotel Limited | United Kingdom | 61.64% | Hotel operator |
| Taj International Hotels Limited | United Kingdom | 100.00% | Restaurants and catering |
| United Overseas Holdings Inc. | Delaware, USA | 100.00% | Hotel operator |
| IHMS Hotels (SA) Proprietary Limited | South Africa | 100.00% | Hotel operator |
| Good Hope Palace Hotels Proprietary Limited | South Africa | 100.00% | Hotel Owning |
| **Associated Undertakings** | | | |
| Lanka Island Resorts Limited | Sri Lanka | 24.66% | Hotel operator |
| TAL Hotels and Resorts Limited | Hong Kong | 26.67% | Hotel operator |
| TAL Lanka Hotels PLC | Sri Lanka | 24.62% | Hotel operator |
| Oriental Hotels Limited | India | 5.25% | Hotel operator |

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 4. Other Receivables

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amounts owed by associated undertakings | 395,480 | - |
| | **395,480** | **-** |

During the year the Company placed a Long term loan of US$ 395,000 with its Associate on 27 March 2023 at a floating rate of 3 month US Dollar LIBOR + 3.6% and maturing on 27 March 2026.

## 5. Trade and Other Receivables

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amounts owed by subsidiary company | - | 640,020 |
| Other Advances | 139 | 175 |
| | **139** | **640,195** |

## 6. Cash and Cash Equivalents

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Bank balances | 9,174,880 | 6,666,422 |

## 7. Share Capital

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Issued and Fully Paid** | | |
| 36,106,339 nos. Ordinary shares of US$1 each (Previous year 28,185,546 nos. of US$ 1 each) | 36,106,339 | 28,185,546 |

The sole shareholder is entitled to dividends as declared from time to time and is entitled to one vote per share at general meetings of the Company. 7,920,793 shares of par value US$1 each were issued (March 31, 2022 – 1,802,691). All shares were issued rank pari passu.

### Shareholders holding more than 5% shares

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Ordinary share of US$ 1 each** | | |
| The Indian Hotels Company Limited | 36,106,339 | 28,185,546 |

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 8. Revaluation Reserve

(US$)

| | Revaluation reserve |
|---|---|
| At March 31, 2023 and March 31, 2022 | 4,587,118 |

The revaluation reserve represents the difference between cost of the investments at acquisition and the valuation of investments up to March 31, 2014. The valuation of such investments has been treated as deemed cost, following adoption of IFRS.

## 9. Trade and Other Payables

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade payable | 23,117 | 33,130 |
| | **23,117** | **33,130** |

## 10. Revenue from Operations

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Income | 4,427 | 49,519 |
| | **4,427** | **49,519** |

## 11. Other Income

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Exchange Gain | - | 68 |
| Miscellaneous Income | 17,267 | 370 |
| | **17,267** | **438** |

## 12. Administrative Expenses

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Professional Fees | 80,708 | 108,761 |
| Bank charges | 3,985 | 7,189 |
| Auditors remuneration – audit | 25,560 | 28,239 |
| Exchange loss | 2,644 | - |
| Other expenses | 152 | 710 |
| | **113,049** | **144,899** |

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 13. Taxation

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Corporation tax | - | - |
| Reversal/(charge) for period | - | - |
| Taxation on profit on ordinary activities | - | - |

### Reconciliation of Effective Tax Rate

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before tax | (2,780,355) | (15,834,942) |
| Company's domestic tax rate | 24.89% | 24.89% |
| Expected income tax expenses | (692,030) | (3,941,317) |
| **Tax effect of:** | | |
| Tax exempt Income | - | - |
| Earlier year losses set off | - | - |
| Earlier year tax reversal | - | - |
| Non-deductible expenses | 692,030 | 3,941,317 |
| **Taxation on profit on ordinary activities** | - | - |

The Company is an investment company and does not normally receive trading income. The Company pays Dutch tax on investment income and deemed interest on net amounts due from related parties.

## 14. Financial Instruments

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Financial Assets** | | |
| Financial assets that are debt instruments measured at amortised cost | 9,570,499 | 7,306,617 |
| **Financial Liabilities** | | |
| Financial liabilities measured at amortised cost | 23,117 | 33,130 |

Financial assets measured at amortised cost comprise cash at bank and amounts due from associated undertakings. Financial liabilities measured at amortised cost comprise amounts due to group undertakings, accruals and deferred income.

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 15. Ultimate Parent Undertaking, Controlling and Related Parties

The directors regard The Indian Hotels Company Limited, a company incorporated in India, as the ultimate parent undertaking and ultimate controlling party.

During the year, the company invested a further US$ 24,000,000 as capital contribution to United Overseas Holdings Inc.

During the year, the Company also invested US$ 25,350,000 as capital contribution to Good Hope Palace Hotels Proprietary Limited

During the year the company subscribed to 11,250,000 shares of St James Court Hotel Ltd towards rights issue at £2 per share aggregating £22,500,000.

The names of related parties of the Company are as follows:

| Name | Relationship |
|---|---|
| The Indian Hotels Company Limited | Holding company |
| United Overseas Holding Inc. | Subsidiary company |
| Taj International Hotels Limited | Subsidiary company |
| St. James Court Hotel Limited | Subsidiary company |
| IHMS Hotels (SA) Proprietary Limited | Subsidiary company |
| Good Hope Palace Hotels Proprietary Limited | Subsidiary company |
| TAL Hotels & Resorts Limited | Associate company |
| Lanka Island Resorts Limited | Associate company |
| Oriental Hotels Limited | Associate company |
| TAL Lanka Hotels Plc | Associate company |

The transactions with related parties for the year end are as follows:

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest Income received from:** | | |
| TAL Hotels and Resorts Limited | - | 36,000 |
| St James Court Hotel Ltd | 3,948 | 13,519 |
| TAL Lanka Hotels Plc | 479 | - |
| **Amounts due from:** | | |
| St James Court Hotel Ltd | - | 640,020 |
| TAL Lanka Hotels Plc | 395,479 | - |

### Letter of support

The Company has issued a Letter of Support to Good Hope Palace Hotels Proprietary Limited for shortfall in its operational and debt service requirements as mentioned in the Letter of Support.

The Company has received a Letter of Support from The Indian Hotels Company Limited for providing financial support to meet any shortfall in the Company's fund requirements.

# Notes forming part of the financial statements
for the year ended March 31, 2023

## 16. Employee Benefits

There were no employees of the Company as at March 31, 2023 and March 31, 2022.

## 17. Capital Commitments and Contingent Liabilities

There are no capital commitments of the Company as at March 31, 2023 and March 31, 2022.

There are no contingent liabilities of the Company as at March 31, 2023 and March 31, 2022.

The Company has issued Letter of Support to one of its subsidiary companies to provide financial support, if required.

## 18. Operating Segment

The Company is an investment holding company for foreign operations of The Indian Hotels Company Limited and as such it has no segments as the investing activity is monitored under one single segment. The Directors review the internal management reports of each investment on a quarterly basis.

## 19. Earnings Per Share

(US$)

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Loss after tax** | (2,780,355) | (15,834,942) |
| Opening balance | 28,185,546 | 26,382,855 |
| Effect of fresh issue of equity shares | 7,920,793 | 1,802,691 |
| **Total number of equity shares** | **36,106,339** | **28,185,546** |
| **Weighted average number of equity shares** | **36,106,339** | **27,186,958** |
| **Earnings per share:** | | |
| Basic US$ | (0.08) | (0.58) |
| Diluted US$ | (0.08) | (0.58) |

The calculation of basic earnings per share ('EPS') has been based on the above loss after tax attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted EPS has been based on the above loss after tax attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

## 20. Other Notes

**(a)** Group financial statements of The Indian Hotels Company Limited can be obtained from their website at: www.ihcltata.com/investors.html.

# Independent Auditor's Report

Board of Directors,
**United Overseas Holdings, Inc.**

## Opinion

We have audited the accompanying consolidated financial statements of United Overseas Holdings, Inc. and its subsidiaries, (collectively referred to as "the Company") which comprise the consolidated balance sheets as of March 31, 2023 and March 31, 2022, and the related consolidated statements of loss, changes in stockholder's equity and consolidated cash flows for the years then ended and the related notes to the consolidated financial statements, (hereinafter referred to as "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Company as of March 31, 2023, and March 31, 2022, and the consolidated results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

## Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date the consolidated financial statements are issued.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

# Independent Auditor's Report (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

**Atlanta, Georgia**
April 20, 2023

# Consolidated Balance Sheets

(All amounts are stated in United States Dollars, unless otherwise stated)

| | As at | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 376,033 | 2,734,259 |
| Accounts receivable | | |
| Guest ledger | 310,917 | 261,095 |
| City ledger | 939,720 | 639,994 |
| Inventories | 516,091 | 505,934 |
| Employee retention credit receivable | - | 379,980 |
| Prepaid expenses | 905,725 | 702,658 |
| Other receivables | 277,213 | 1,595,568 |
| **Total current assets** | **3,325,699** | **6,819,488** |
| Property and equipment | | |
| Investment in cooperative apartments | 1,500,000 | 1,500,000 |
| Land | 14,000,000 | 14,000,000 |
| Building and improvements | 157,862,685 | 154,207,446 |
| Furniture, fixtures, and equipment | 34,601,492 | 34,229,606 |
| Construction in progress | 1,858,879 | 2,300,890 |
| | **209,823,056** | **206,237,942** |
| Less: accumulated depreciation | (87,718,492) | (82,503,410) |
| **Property and equipment, net** | **122,104,564** | **123,734,532** |
| Other assets | | |
| Deferred costs | 60,000 | 60,000 |
| Operating lease right-of-use asset | 38,909,331 | - |
| Security deposits | 117,966 | 117,966 |
| Due from related parties | 81,579 | 83,443 |
| **Total assets** | **164,599,139** | **130,815,429** |

(The accompanying notes are an integral part of these consolidated financial statements)

# Consolidated Balance Sheets

(All amounts are stated in United States Dollars, unless otherwise stated)

| | As at | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Liabilities and Stockholder's Equity** | | |
| **Current liabilities** | | |
| Accounts payable | | |
| Trade | 3,285,437 | 1,211,969 |
| Lease liabilities - Current | 3,238,374 | - |
| Other taxes payable | 847,882 | 353,836 |
| Accrued expenses | | |
| Payroll and related | 912,274 | 1,482,698 |
| Vacation, gratuities, and incentives | 4,366,916 | 3,845,635 |
| Interest | 36,036 | 132,304 |
| Utilities | 352,226 | 258,110 |
| Capital projects | 635,674 | 2,733,356 |
| Other | 1,594,115 | 1,047,313 |
| Tenants' security deposits | 205,500 | 143,300 |
| Advance deposits and other credit balances | 4,509,304 | 6,277,968 |
| Current portion of long-term debt | 421,570 | 1,900,815 |
| Note payable to related party | 7,000,000 | 7,000,000 |
| Line of credit | 4,000,000 | 4,000,000 |
| **Total current liabilities** | **31,405,308** | **30,387,304** |
| Lease liabilities – non-current | 35,756,775 | - |
| Long-term debt | 6,048,759 | 24,553,129 |
| **Total liabilities** | **73,210,842** | **54,940,433** |
| **Stockholder's equity** | | |
| Common stock, par value $1 per share, 100 shares authorised, issued and outstanding | 100 | 100 |
| Additional paid-in-capital | 244,223,741 | 220,223,741 |
| Accumulated deficit | (152,835,544) | (144,348,845) |
| **Total stockholder's equity** | **91,388,297** | **75,874,996** |
| **Total liabilities and stockholder's equity** | **164,599,139** | **130,815,429** |

(The accompanying notes are an integral part of these consolidated financial statements)

# Consolidated Statements of Loss
(All amounts are stated in United States Dollars, unless otherwise stated)

| | For the year ended | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Revenue** | | |
| Rooms | 42,341,572 | 24,807,783 |
| Food and beverages | 26,942,734 | 6,849,775 |
| Others | 11,616,758 | 9,784,473 |
| **Total revenue** | **80,901,064** | **41,442,031** |
| **Departmental Expenses** | | |
| Rooms | 21,012,465 | 12,806,071 |
| Food and beverages | 29,294,729 | 12,186,550 |
| Others | 1,537,397 | 1,278,370 |
| **Total departmental expenses** | **51,844,591** | **26,270,991** |
| **Income before unallocated operating expenses and fixed charges** | **29,056,473** | **15,171,040** |
| **Unallocated Operating Expenses** | | |
| Administrative and general | 10,710,949 | 8,681,018 |
| Sales and marketing | 4,069,172 | 3,008,866 |
| Repairs and maintenance | 6,166,058 | 4,988,844 |
| Utilities expense | 4,278,010 | 2,537,559 |
| **Total unallocated operating expenses** | **25,224,189** | **19,216,287** |
| **Profit (loss) before fixed charges** | **3,832,284** | **(4,045,247)** |
| **Fixed Charges** | | |
| Real estate and other taxes | 783,959 | 729,353 |
| Insurance | 921,284 | 803,650 |
| Rent and license fees | 4,966,707 | 4,383,862 |
| Depreciation | 5,556,678 | 5,216,875 |
| Interest and finance costs | 1,127,820 | 1,111,401 |
| **Total fixed charges** | **13,356,448** | **12,245,141** |
| **Loss before other income** | **(9,524,164)** | **(16,290,388)** |
| **Other income** | | |
| Sales & marketing, and management fees | 1,082,990 | 867,276 |
| **Total other income** | **1,082,990** | **867,276** |
| **Loss before income tax** | **(8,441,174)** | **(15,423,112)** |
| Income tax expense | 45,525 | 4,072 |
| **Net loss** | **(8,486,699)** | **(15,427,184)** |

(The accompanying notes are an integral part of these consolidated financial statements)

# Consolidated Statements of Stockholder's Equity

(All amounts are stated in United States Dollars, except number of shares or unless otherwise stated)

| | Common stock | | | | Additional paid-in capital | Accumulated deficit | Total stockholder's equity |
|---|---|---|---|---|---|---|---|
| | Authorised | | Issued & outstanding | | | | |
| | Shares | Value | Shares | Value | | | |
| **Balance as of April 01, 2021** | 100 | 100 | 100 | 100 | 205,223,741 | (128,921,661) | 76,302,180 |
| Contribution from shareholder | | | | | 15,000,000 | | 15,000,000 |
| Net loss for the year | | | | | | (15,427,184) | (15,427,184) |
| **Balance as of March 31, 2022** | **100** | **100** | **100** | **100** | **220,223,741** | **(144,348,845)** | **75,874,996** |
| **Balance as of April 01, 2022** | 100 | 100 | 100 | 100 | 220,223,741 | (144,348,845) | 75,874,996 |
| Contribution from shareholder | | | | | 24,000,000 | | 24,000,000 |
| Net loss for the year | | | | | | (8,486,699) | (8,486,699) |
| **Balance as of March 31, 2023** | **100** | **100** | **100** | **100** | **244,223,741** | **(152,835,544)** | **91,388,297** |

(The accompanying notes are an integral part of these consolidated financial statements)

# Consolidated Statements of Cash Flows

(All amounts are stated in United States Dollars, unless otherwise stated)

| | For the year ended | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Cash flows from operating activities** | | |
| Net loss | (8,486,699) | (15,427,184) |
| **Adjustments to reconcile net loss to net cash used in operating activities:** | | |
| Depreciation and amortisation | 5,556,678 | 5,216,875 |
| Amortisation of debt initiation cost | 41,779 | 106,995 |
| Loss on extinguishment of debt | 377,790 | - |
| **Changes in net operating assets and liabilities** | | |
| Accounts receivable | (349,548) | (239,025) |
| Inventories | (10,157) | 115,000 |
| Prepaid expenses and other receivables | 1,495,268 | (1,472,846) |
| Operating lease right-of-use asset | 848,975 | - |
| Security deposits | - | (1,260) |
| Accounts payable | 2,073,468 | (684,843) |
| Other taxes payable | 494,046 | 301,321 |
| Accrued expenses | (1,601,832) | 4,564,414 |
| Operating lease liability | (763,157) | - |
| Advance deposits and other credit balances | (1,706,463) | 361,079 |
| Due from related parties, net | 1,864 | (29,847) |
| **Net cash used in operating activities** | **(2,027,988)** | **(7,189,321)** |
| **Cash flows from investing activities** | | |
| Property, equipment, and construction in progress | (3,926,708) | (11,158,225) |
| **Net cash used in investing activities** | **(3,926,708)** | **(11,158,225)** |
| **Cash flows from financing activities** | | |
| Additional paid-in capital | 24,000,000 | 15,000,000 |
| Withdrawals of line of credit | 7,100,000 | 5,000,000 |
| Repayment of line of credit | (7,100,000) | (21,500,000) |
| Repayment of long-term debt | (20,000,000) | - |
| Proceeds from long-term debt | - | 14,000,000 |
| Deferred financing costs paid | - | (225,000) |
| Loan proceeds from 795 Corp | - | 7,000,000 |
| Loan repaid to 795 Corp | (403,530) | (126,142) |
| **Net cash provided by financing activities** | **3,596,470** | **19,148,858** |
| **Net increase (decrease) in cash and cash equivalents** | (2,358,226) | 801,312 |
| Cash and cash equivalents at the beginning of the year | 2,734,259 | 1,932,947 |
| **Cash and cash equivalents at the end of the year** | **376,033** | **2,734,259** |
| **Supplemental cash flow information** | | |
| Income tax paid | 11,800 | 2,400 |
| Interest paid | 804,518 | 1,030,666 |

(The accompanying notes are an integral part of these consolidated financial statements)

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

## Note A - Organisation and Nature of Operations

United Overseas Holdings Inc. (the "Company") was incorporated in August 2015 under the laws of the State of Delaware as a wholly owned subsidiary of The International Hotel Management Services, Inc., ("The IHMS Inc.") which subsequently has become a wholly owned subsidiary of IHOCO B.V., a wholly owned subsidiary of The Indian Hotels Company Limited ("The IHCL") ("ultimate parent company"), a public listed company based in Mumbai, India.

As part of the international restructuring being implemented by the IHCL, on October 02, 2015, the Company through a contribution deed (the "Restructuring") was assigned the assets of and assumed the liabilities of, The International Hotel Management Services, LLC (formerly The International Hotel Management Services, Inc.) at its net book value at the date of the Restructuring. The Restructuring also included the assignment of The IHMS Inc.'s interest in its subsidiaries namely, the IHMS, LLC ("the New York LLC"), the IHMS (Boston) LLC ("the Boston LLC"), the IHMS (SF) LLC ("the San Francisco LLC"), and the IHMS (USA) LLC ("the Manager") to the Company at their respective net book values at the date of the Restructuring.

The IHCL has agreed to provide financial support to the Company for working capital deficits.

## Note B - Subsidiaries Operations

The New York LLC d/b/a The Pierre New York, ("Hotel Pierre") was formed in June 2005 under the laws of the State of Delaware, to acquire the lease with 795 Fifth Avenue Corporation ("795 Corp."), its affiliate 795 Fifth Avenue Limited Partnership ("795 Partnership"), Barney's New York ("Barney's"), and individual apartment owners (collectively "the Lessors"), which encompass the facilities of the Hotel Pierre located in New York, New York. In July 2005, the New York LLC acquired the lease from affiliates of Four Seasons Hotel Limited.

The San Francisco LLC was formed in March 2007 under the laws of the State of Delaware. In April 2007, the San Francisco LLC acquired the Campton Place Hotel ("the San Francisco Hotel") located in San Francisco, California from an unrelated third party.

The Boston LLC was formed in September 2006 under the laws of the State of Delaware. In January 2007, the Boston LLC acquired the Ritz Carlton Boston Hotel ("the Boston Hotel") located in Boston, Massachusetts from an unrelated third party.

IHMS (USA) LLC is a non-operating entity.

On July 12, 2016, the Company sold its entire membership interest in the Boston LLC to AS Holdings LLC, an unrelated third party.

The Pierre New York and the San Francisco Hotel are collectively referred to herein as the "Hotel Properties". The New York LLC, the IHMS (USA) LLC and the San Francisco LLC are collectively referred to herein as the "subsidiaries".

## Note C - Significant Accounting Policies

The significant accounting policies are detailed below:

### 1. Basis of preparation

a. The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

b. The consolidated financial statements are for the fiscal years ended March 31, 2023, and March 31, 2022.

c. Certain reclassifications, regroupings and reworking have been made in the consolidated financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or consolidated stockholder's equity.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

**2. Going Concern**

The Company has prepared its consolidated financial statements assuming that the Company will continue as a going concern. As of March 31, 2023, current liabilities are $31,405,308 and current assets are $3,325,699. Given that the Company has historically generated recurring net losses it may be unable to meet its working capital requirements. Although, these events and condition cast significant doubt on the Company's ability to continue as a going concern, in view of the continued support from the ultimate parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received funding from parent company amounting to $24,000,000 during the current year in the form of contribution of additional paid in capital, for meeting the cash flow requirements.

**3. Use of Estimates**

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the collectability of accounts receivable, the allocation of interest costs, the useful lives and recoverability of costs of property and equipment, the provision for doubtful accounts, the valuation allowance for deferred tax assets, and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, the impact created by the novel coronavirus (COVID-19) and efforts to contain it has made such estimates more difficult and subjective. Accordingly, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

**4. Principles of Consolidation**

The consolidated financial statements include the accounts of United Overseas Holdings, Inc., and its wholly owned subsidiaries, the IHMS (SF) LLC, the IHMS LLC & the IHMS (USA) LLC. Upon consolidation, all intercompany accounts and transactions are eliminated.

**5. Cash and Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution.

**6. Accounts Receivable**

Accounts receivable primarily represents receivables from the Hotel Properties' guests who occupy rooms and utilise the hotel amenities. An allowance for doubtful accounts is provided based on management's evaluation when it is determined that it is more likely than not a specific account will not be collected.

**7. Inventories**

Inventories which consist of food, beverages, chinaware, glassware, silverware and retail and guest supplies are valued at the lower of cost or net realisable value on a first-in, first-out basis.

**8. Property and Equipment, Net**

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property, and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

Major maintenance projects that extend the life of the related equipment are capitalised. Cost of maintenance and repairs are charged to expense when incurred.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to consolidated statement of loss.

The estimated useful life used to determine depreciation is:

| | |
|---|---|
| Building improvements* | 25-40 years |
| Co-operative apartments | 30 years |
| Furniture, fixtures, and equipment | 5-10 years |

*In case of Hotel Pierre, the building improvements are depreciated over the period of lease.

Deposits paid towards the acquisition of property and equipment outstanding as of each balance sheet date and the cost of property and equipment not ready for use before such date are disclosed under construction in progress. The amount of fully depreciated assets still in use by the Company are $27,930,123 as of March 31, 2023 and $25,867,046 as at March 31, 2022.

**9. Capitalsed Interest**

Interest costs associated with major construction projects are capitalised and included in the cost of the projects. When no debt is incurred specifically for construction projects, the Company capitalises interest on amounts expended using the weighted average cost of the outstanding borrowings. Capitalisation of interest ceases when the project is substantially complete, or construction activity is suspended for more than a brief period.

**10. Long-lived Assets**

Long-lived assets be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognised is measured by the amount by which the carrying value of the assets exceeds its fair value.

**11. Deferred Costs**

The deferred cost includes liquor license costs capitalised with indefinite life amounting to $60,000 for the San Francisco Hotel.

**12. Intangible Assets**

Intangible assets are stated at cost less accumulated amortisation. The Company amortises intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortisable intangible assets are amortised over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required.

**13. Revenue Recognition**

The Company primarily derives revenue from the products and services provided to the customers and revenue is generally recognised when control of the product or service has been transferred to the customer. The customers include guests at the Hotel Properties. A summary of the revenue streams is as follows:

**a. Owned & leased Hotel Properties revenues**

The Company identifies following performance obligations in connection with the owned and leased Hotel Properties revenues, for which revenue is recognised as the respective performance obligations are satisfied, which results in recognising the amount that the Company expects to be entitled for providing the goods or services.

Owned & leased Hotel Properties revenues primarily consist of hotel room sales, revenue from accommodations sold in conjunction with other services (e.g., package reservations), food and beverage sales and other ancillary

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

goods and services (e.g., parking, laundry) related to owned Hotel Property. Revenue is recognised when rooms are occupied or goods and services have been delivered or rendered, respectively. Payment terms typically align with when the goods and services are provided.

#### Contract Balances

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs services under the contract.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### b. Other Revenues

Other revenues include revenues generated by the incidental support of hotel operations for leased and owned, Hotel Properties, and other operating income.

Other revenues from leased Hotel Properties represent amounts, in the nature of management fees that are contractually paid to the Company by property owners. The fees cover payment for services provided to the 795 Corp. owners pursuant to the management contract entered between the IHMS LLC and the 795 Corp. Revenue is recognised over time as services are rendered.

### c. Taxes and fees collected on behalf of governmental agencies

The Company is required to collect certain taxes and fees from customers on behalf of governmental agencies and remit these back to the applicable governmental agencies on a periodic basis. The Company has a legal obligation to act as a collection agent. The Company does not retain these taxes and fees and, therefore, they are not included in the measurement of revenues from the Hotel Properties. The Company presents revenue, net of sales taxes, and other similar taxes. The Company records a liability when the amounts are collected and relieves the liability when payments are made to the applicable taxing authority or other appropriate governmental agency.

## 14. Operating Leases

### As lessees

#### Accounting Standard Update (“ASU”) 2016-02, Leases

The Company adopted Accounting Standards Codification 842 and all the related amendments (“new lease standard”) using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

The Company’s leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company’s balance sheet. Right-of-use assets and lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index (CPI) at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company’s estimation considers the market rates of the Company’s outstanding collateralised borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognised as an expense on a straight-line basis over the lease term.

The Company notes that adopting the new standard resulted in recording a lease liability and right-of- use asset associated with the Company's facility lease agreement totaling $39,758,306 as of April 01, 2022.

The operating lease expense relating to fixed or minimum payments & variable payments are recognised when the lease expenses are incurred. The lease expense is recognised on a straight-line basis over the lease term and is included under Rent and license fee expenses under the statement of loss.

### Operating leases as per old standard – ASC 840

The Company's operating lease rentals include (i) fixed lease payments, or minimum payments as contractually stated in the lease agreement; (ii) variable lease payments, or contingent rentals, which are generally based on a percentage of the leased Hotel Property's operating and maintenance expense and are dependent on changes in the Consumer Price Index (CPI). In addition, the Company is required to pay some, or all, of the capital costs for furniture, equipment, and leasehold improvements in the hotel during the term of the lease as defined by the lease agreement. The management has determined that the difference between lease rentals recognised on straight line basis and in accordance with the lease terms is not material.

For operating leases, lease expense relating to fixed or minimum payments & variable payments are recognised when the lease expenses are incurred. The lease rentals are recognised in the rent and license fees in the statement of loss.

### As lessors

The Company derives income from leasing of its hotel properties. For operating leases, lease income relating to fixed or minimum lease rentals are recognised as lease income over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental income for such leases is recognised on a straight-line basis over the lease term under other income in the statement of loss.

## 15. Income Taxes

The Company files income tax returns on a consolidated basis. The Company records income tax expense, if any, on an individual company basis in order to properly reflect its portion of consolidated income tax expense.

The Company recognises deferred tax assets and liabilities based on the differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future years. The Company's temporary differences giving rise to deferred taxes result primarily from net loss carryforwards, employee related benefits and depreciation and amortisation. Deferred tax assets and liabilities are measured using the enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled.

The Company is also subject to various other taxation requirements imposed by the State and the City of New York.

## 16. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the consolidated financial statements are categorised based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

This hierarchy requires the Company to use observable market data, when available, and to minimise the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, related party balances, and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable, borrowings, line of credit and accrued liabilities approximate their carrying amounts due to the nature of these instruments. None of these instruments are held for trading purposes.

## 17. Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

## Note D - Line of Credit

The Company entered into a $15,000,000 line of credit agreement with J.P. Morgan Bank, N.A on December 24, 2018, which was set to expire on December 23, 2020. The credit facility thereafter is being renewed every year and now is valid up to December 23, 2023. Interest payments required on the credit facility are at a variable rate, equal to (a) the base rate, plus a margin offered by the bank, (b) a floating rate equal to the Eurodollar rate, plus a margin offered by the bank, or (c) a fixed rate offered by the bank and accepted by the Company. The amount outstanding on the credit facility as of March 31, 2023 and March 31, 2022 was $4,000,000 and $4,000,000, respectively. The average interest rate for the outstanding credit facility was approximately 7% and 4.10% for the year ended March 31, 2023 and March 31, 2022, respectively. The total interest expense for the year ended March 31, 2023, and March 31, 2022, were $85,125 and $359,774, respectively.

## Note E - Long-Term Debt

The following is a summary of the Company's borrowings as at March 31, 2023 and March 31, 2022:

| | As at | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Long-term maturities of term loan (a) | - | 18,500,000 |
| Loan from 795 Corp – non-current portion (b) | 6,048,758 | 6,473,043 |
| Current maturities of term loan (a) | - | 1,500,000 |
| Loan from 795 Corp – current portion (b) | 421,570 | 400,815 |
| Unamortised debt issuance cost (a) | - | (419,914) |
| | **6,470,328** | **26,453,944** |

### Debt maturities

| Year ending March 31, | Debt |
|---|---|
| 2024 | 421,570 |
| 2025 | 441,973 |
| 2026 | 462,565 |
| 2027 | 484,116 |
| 2028 | 484,116 |
| Thereafter | 4,175,988 |
| | **6,470,328** |

### (a) Term loan from Bank of Baroda

The Company entered into a loan agreement with the Bank of Baroda, New York branch on February 12, 2021, for a total loan amount of $30,000,000. The term of the loan is six years, i.e., till March 31, 2027. The Company has withdrawn an amount of $6,000,000 as of March 31, 2021. During the year ended March 31, 2022, the Company withdrew an additional $14,000,000 from the loan facility. The debt issuance cost amounting to $527,261 on the aforesaid loan is presented as a deduction from the loan thereby reducing the proceeds of borrowing and increasing the effective interest rate to 4.34%. Also, the entire amount outstanding worth $20,000,000 of term loan availed from Bank of Baroda was repaid in the month of August 2022, at a loss of extinguishment amounting to $377,790, which includes write-off of unamortised debt issuance costs and debt discount. Loss of extinguishment of debt is disclosed in interest and finance cost in the consolidated statements of loss. The loan amount outstanding (net of debt issuance cost) as on March 31, 2023, and March 31, 2022, is $Nil and $19,580,086, respectively. Interest expense (including debt issuance cost) during the year ended March 31, 2023, and March 31, 2022, was $360,792 and $724,992, respectively.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

### Debt Covenants and Guarantees:

The IHCL, acts as a guarantor for the loan taken from Bank of Baroda, New York Branch. Per the terms of the agreement, the Company shall not use the proceeds of the loan to repay any of the existing loan facility of the Company and it shall utilise the proceeds exclusively for general corporate, miscellaneous capex carried out during the normal course of business and working capital purpose of its subsidiaries. The Company had mortgaged its subsidiary's Hotel Property, Taj Campton Place, San Francisco property for that loan, which has now been released on full repayment of loan.

The loan agreement contains several covenants that among other things restricts, subject to certain exceptions, the Company's ability to create or assume any debt, guarantees, lien, make any loans and advances, enter into any leases, or declare, make, or pay any dividend or issue any shares, without the written consent of the lender.

### (b) Loan from 795 Fifth Avenue Corporation:

During the year-ended March 31, 2022, New York LLC received a loan amounting to $7,000,000 from 795 Fifth Avenue Corporation to cover a portion of the costs of the Ballroom project. The $7,000,000 loan bears an interest rate equal to 4.5% per annum. The $7,000,000 loan, together with the interest on the outstanding principal amount of the loan, is repayable in monthly installments on the first day of each month commencing from January 01, 2022, till December 31, 2034. During the period April 01, 2022, till March 31, 2023 the total interest paid by New York LLC to 795 Fifth Avenue Corporation amounted to $304,112. As of March 31, 2023, the loan amount outstanding is $6,470,328.

## Note F - Operating Leases

### As lessors

The San Francisco LLC and the New York LLC, as lessors under various operating leases, will receive base rents over the next five years and thereafter as follows:

| Year ending March 31, | IHMS (SF) LLC | IHMS LLC | Total |
|---|---:|---:|---:|
| 2024 | 60,312 | 522,432 | 582,744 |
| 2025 | 60,312 | 522,432 | 582,744 |
| 2026 | 60,312 | 522,432 | 582,744 |
| 2027 | 60,312 | 522,432 | 582,744 |
| 2028 | 60,312 | 522,432 | 582,744 |
| | **301,560** | **2,612,160** | **2,913,720** |

Certain of the Company's sub-leases contain provisions for additional rents and extension options. The Company recognised the rental income amounting to $448,482 and $399,704 for the years ended March 31, 2023, and 2022, respectively, in other revenue in the consolidated statements of loss.

### As lessees

#### Lease agreement with 795 Corp. and 795 Partnership

The Company's lease agreements with 795 Corp. and 795 Partnership are for certain facilities of the Hotel Property for the purpose of operating a hotel business. Both leases were originally scheduled to terminate on June 30, 2015 and may be extended for two additional ten-year terms. In November 2007, the Company entered into a lease modification with 795 Corp. The principal modification extended the lease term for an additional 10 years, to June 30, 2025.

The lease agreements provide for 795 Corp. and 795 Partnership to receive rental payments with respect to the Hotel Property's facilities. Rental payments consist of minimum rentals, and additional rentals measured by a formula based upon 795 Corp.'s and 795 Partnership's costs.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

On August 31, 2017, the Company entered a lease amendment with 795 Corp. which among other things extended the lease term to June 30, 2035 and has the following provisions:

- 795 Fifth Avenue Corporation to spend not less than $6,000,000 in the aggregate over the course of not more than seven years towards the replacement and retrofitting of the electro-mechanical equipment servicing the Hotel Pierre.
- The Company and 795 Fifth Avenue Corporation to share the cost of the replacement and installation of an emergency generator, where the Company's obligation is subject to a maximum of $950,000, and any amount in excess to be spent by 795 Fifth Avenue Corporation.
- The Company and 795 Fifth Avenue Corporation to split the costs associated with the façade repair work to the exterior of the Hotel Pierre as required under Local Law 11, on a 50/50 basis.
- For the lease years, as defined, post June 30, 2025, the cost of repair and replacement of the building systems, as defined, and MEP equipment, as defined, will be shared by the Company and 795 Fifth Avenue Corporation in the ratio of 35% and 65%, respectively.
- Increase in management fees payable to the Company, for servicing to the cooperative apartments.

On September 14, 2020 the Company, entered into a lease amendment with 795 Corp. and secured certain concessions in view of the COVID-19 pandemic. These concessions include:

- Reduction of lease rentals to the tune of 50% of adjusted minimum rent, for the period starting April 2020 to August 2022.
- Further reduction of 25% discount, on the applicable adjusted minimum rent for the period from September 2020 to August 2022. Rent forbearance totaling $4,000,000 was agreed over for the period April 2020 to August 2022.
- Pursuant to bankruptcy of Barneys, the Company decided to surrender the Hotel Pierre Ballroom. Hotel Pierre Ballroom is required to be reconfigured and renovated post the surrender of the leased space. The lease agreement with landlord for such lease expired on March 31, 2021 and the Company surrendered the leased space of the Hotel Pierre Ballroom back to the landlord.
- As part of the 2017 lease amendment with 795 Corporation, the Company had negotiated that upon termination of the Hotel Pierre Ballroom lease and on surrender of the Hotel Pierre ballroom lease to the landlord, 795 Corporation will reduce the lease rentals payable to them by $700,000 per year. The reduction in lease rental has commenced effective April 01, 2021.
- The Company will spend around $12,000,000 in reconfiguration and renovation of the ball room (including $1,000,000 for segregation of the Hotel ballroom lease and construction of the demised wall). The Company shall be responsible for payment and funding of 100% of the first $3,000,000 of the costs and expenses of the Ballroom project.
- Per the lease amendment dated September 14, 2020, 795 Corporation agreed to advance a loan of $7,000,000 to facilitate the completion of the construction of the ball room and contribute $2,000,000 for high end finishes of the ball room space.
- The $7,000,000 loan from 795 Corporation bears an interest rate of 4.50% and repayable in monthly installment from date of completion of the ball room till December 2034. The IHCL, the ultimate parent company acts as a guarantor for the loan taken from 795 Corporation.

On June 24, 2021, the Company entered into a further lease amendment wherein the Company and 795 Fifth Avenue Corporation agreed to the following provisions:

- 795 Fifth Avenue Corporation agreed to fund an amount of $2,000,000 (as "Lessor's Ballroom contribution") as a non-refundable contribution from lessor to the Company to pay a portion of the costs and expenses for the Ballroom renovation project. Additionally, an amount of up to (and in no event more than) $2,000,000 ("Lessor's additional Ballroom contribution") together with Lessor's original Ballroom contribution, collectively, ("Lessor's Ballroom contribution) as a non-refundable contribution from Lessor to the Company to pay a portion of the costs and expenses for the Ballroom renovation project.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

### First time adoption of ASC 842

**General description of the lease:** The Company's lease agreements with 795 Corp. and 795 Partnership are for certain facilities of the Hotel Property for the purpose of operating a hotel business.

**Non-lease components:** The Company has elected to separate lease and non-lease components for all of its leases. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

**Package of practical expedients:** The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of April 01, 2022.

The Company used the following policies and/or assumptions in evaluating the lease population:

**Lease determination:** The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

**Discount rate:** The lease contracts do not provide a readily determinable implicit rate. Hence, the Company uses the estimated incremental borrowing rate based on the existing borrowings of the entity.

**Variable payments:** The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are for lease of the property and equipment and therefore are not treated as a part of lease payments. Other variable lease payments include, but are not limited to, maintenance, service, and supply costs. The costs are disclosed as components of total lease costs.

**Extension options:** The leases include an option to extend the lease at eh end of the term for additional period of 10 years. The exercise of lease extension option is at the Company's sole discretion. The Company considers options to extend the lease in determining the lease term.

**Residual value guarantees, restrictions, or covenants:** The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense for the year ended March 31, 2023 including the variable component of lease expense was $4,893,841. The Company records operating lease expense in the Consolidated Statement of Operations within rent and license fees.

On adoption of topic ASC 842 "Leases", balance sheet information as of March 31, 2023 related to operating leases is shown below:

| Particulars | As at March 31, 2023 |
|---|---|
| **Assets** | |
| Operating lease right-of-use assets | 38,909,331 |
| **Total lease assets** | **38,909,331** |
| **Liabilities** | |
| Current operating lease liabilities | 3.238,374 |
| Non-current operating lease liabilities | 35,756,775 |
| **Total lease liabilities** | **38,995,149** |

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

Supplemental cash flow information related to operating was as follows:

| Particulars | For year ended March 31, 2023 |
|---|---|
| Cash paid for amounts included in measurement of lease liabilities | 3,148,655 |
| Lease assets obtained in exchange for new operating lease liabilities | 39,758,306 |

The components of total lease cost are as follows:

| Particulars | For year ended March 31, 2023 |
|---|---|
| Total lease expense | 3,234,474 |

Maturities of lease liabilities ending are as follow:

| Year ended March 31 | Amount |
|---|---|
| 2024 | 3,238,374 |
| 2025 | 3,238,374 |
| 2026 | 3,238,374 |
| 2027 | 3,238,374 |
| 2028 | 3,238,374 |
| 2029 and onwards | 55,052,365 |
| **Total minimum lease payments** | **71,244,235** |
| Less: Interest | 32,249,086 |
| **Total operating lease liability** | **38,995,149** |

| | For year ended March 31, 2023 |
|---|---|
| Weighted average remaining lease term (years) – operating lease | 22 years |
| Weighted average – discount rate | 6% |

### Capital Work in Progress

As of March 31, 2023, the total capital work in progress amounts to $1,858,879. The amount spent on capital work in progress in Taj Pierre on the generator amounts to $969,500, pertaining to others is $597,388 and rest pertains to chambers project worth $18,974. Also, the amount spent on CAPEX project in Taj Campton Place pertains to 273,017. During the year ended March 31, 2023, the Ballroom project costs amounting to $1,839,645 have been capitalised under building improvements. Also, façade work has been also capitalised to the extent of $1,677,788.

### Contribution from 795 Corporation

During the year-ended March 31, 2023, the Company received $4,722,786 in non-refundable financial contributions from 795 Fifth Avenue Corporation out of the $5,000,000 contribution from 795 Fifth Avenue Corporation to cover a portion of the costs and expenses for the Ballroom project. As of March 31, 2023, $277,514 is still receivable from 795 Fifth Avenue Corporation based on the work completed and is shown as other receivables under current assets.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

### Loan from 795 Corporation

During the year-ended March 31, 2022, the Company received a loan amounting to $7,000,000 from 795 Fifth Avenue Corporation to cover a portion of the costs of the Ballroom project. The $7,000,000 loan bears an interest rate equal to 4.5% per annum. The $7,000,000 loan, together with the interest on the outstanding principal amount of the loan, is repayable in monthly installments on the first day of each month commencing from January 01, 2022, till December 31, 2034. The outstanding balance payable including interest accrued on loan as of March 31, 2023 is $6,495,730 and as of March 31, 2022, is $6,900,494.

| | As at | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Non-current portion | 6,048,758 | 6,473,043 |
| Current portion of long-term debt | 421,570 | 400,815 |
| Interest accrual (included in “other current liabilities”) | 25,402 | 26,636 |
| | **6,495,730** | **6,900,494** |

## Note G - Income Taxes

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America. The Company is a member of the UOH consolidated federal tax group.

The Company files combined state tax returns with affiliated group companies in certain states. While in certain states, the Company files the tax returns at a separate entity level.

The components of the provision for income taxes are as follows:

| | For year ended | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Current taxes** | | |
| State | 45,525 | 4,072 |
| **Total provision for income taxes** | **45,525** | **4,072** |

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s net deferred income taxes are as follows:

| | As at | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Non-current deferred tax liabilities:** | | |
| Property & equipment | 267,282 | (71,763) |
| **Total deferred tax liabilities** | **267,282** | **(71,763)** |
| **Non-current deferred tax assets:** | | |
| Net operating losses (‘NOL’s’) | 126,481,055 | 125,636,341 |
| Advance deposits | 687,370 | 676,734 |
| Accrued employee compensation | 1,395,194 | 1,398,140 |
| Interest disallowances | 1,062,669 | 886,699 |
| **Total deferred tax assets** | **129,626,288** | **128,597,914** |
| **Net deferred taxes** | 129,893,570 | 128,526,151 |
| Less: deferred tax asset valuation allowance | (129,893,570) | (128,526,151) |
| **Total** | - | - |

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

Realisation of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realisable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the history of losses and current year significant losses, the management believes that it is more likely than not that the deferred tax assets may not be realised during foreseeable future and accordingly, a valuation allowance of $129,893,570 and $128,526,151 has been recognised as of March 31, 2023, and March 31, 2022, respectively.

No deferred tax assets were recognised as of March 31, 2023, and March 31, 2022.

The Company has federal NOLs of $419,928,866 and $413,719,686 as of March 31, 2023, and March 31, 2022, respectively. The NOLs of $69,636,091 generated from fiscal year 2018-19 onwards will be carried forward indefinitely and can be carried back five years and NOLs prior to fiscal year 2018-19 will expire between tax year 2026 to 2037.

The Company has state net operating loss carryforwards of approximately $633,114,677 and $621,011,551 as of March 31, 2023, and March 31, 2022, respectively, which if unutilised will expire based on the various state statutes.

### Accounting for uncertain tax position

The Company recognises the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognised in the financial statements is the largest benefit that has a greater than 50% likelihood of being realised upon ultimate settlement with the relevant tax authority. The Company has no unrecognised tax positions as of March 31, 2023, and March 31, 2022.

The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

## Note H - Revenue from Contracts with Customers

The following table presents revenue disaggregated by product line:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---:|---:|
| Rooms | 42,341,572 | 24,807,783 |
| Food & beverages | 26,942,734 | 6,849,775 |
| Others | 11,616,758 | 9,784,473 |
| **Total revenue by product line** | **80,901,064** | **41,442,031** |

The following table presents revenue disaggregated by timing of recognition:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---:|---:|
| Revenue transferred at a point in time | 71,271,370 | 32,926,905 |
| Revenue transferred over time | 9,629,694 | 8,515,126 |
| **Total revenue by timing of revenue recognition** | **80,901,064** | **41,442,031** |

The entire revenue is attributable to the United States of America. No other geographies are involved.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

Contract Balances

The following table provides information about contract assets and liability balances:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accounts receivable | | |
| Guest ledger | 310,917 | 261,095 |
| City ledger | 939,720 | 639,994 |
| Other receivables | - | - |
| Contract liability (Advance deposits) | 4,509,304 | 6,277,968 |

## Note I - Advertising and Marketing Expense

Advertising costs are presented as part of sales and marketing expenses in the consolidated statements of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the year ended March 31, 2023 and March 31, 2022 are $1,194,067 and $824,723, respectively.

## Note J - Employee Benefits Plans

### Multi-Employer Defined Benefit Plans

The New York LLC is a party to the Industrywide Collective Bargaining Agreement between the New York Hotel Trades Council ("Union") and the Hotel Association of New York City, Inc. The collective bargaining agreement provides for Union sponsored multi-employer defined benefit plans (the "Plans") which the New York LLC makes contributions for the benefit of its employees covered by the collective bargaining agreement. The New York LLC has not received information from the Plans' administrator to determine its share of unfunded benefit obligations, if any. The New York LLC has not undertaken to terminate, withdraw or partially withdraw from the Plans.

a. The risks of participating in the multi-employer plan are different from a single-employer plan in the following aspects: Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stop contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The New York LLC's participation in the Plans for the plan years ended December 31, 2022 and 2021 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN). The most recent Pension Protection Act (PPA) zone status available is for the Plan's year-end at December 31, 2022 and 2021. The zone status is based on information that the New York LLC received from the Plan and is certified by the actuaries of the 1199 Plan. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates pension plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is pending or has been implemented. The New York LLC's contributions to the Plans did not exceed more than 5% of the total contributions made to the Plans by all participating employers.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

| Pension fund | Pension Protection Act Zone Status | | | | FIP/RP Status Pending/ Implemented | Contributions by the Company Amount in USD | |
|---|---|---|---|---|---|---|---|
| | EIN number | Plan number | 2022 | 2021 | | 2022 | 2021 |
| Pension Fund (1) | 13-1764242 | 001 | Green | Green | Yes | 2,975,613 | 1,571,580 |
| Health Benefits Fund (2) | 13-6126923 | 501 | N/A | N/A | Yes | 6,485,974 | 2,963,787 |
| Prepaid Legal Services Fund (3) | 13-3418414 | 508 | N/A | N/A | Yes | 58,567 | 29,004 |
| | | | | | | **9,520,154** | **4,564,371** |

(1) -New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund

(2) -New York Hotel Trades Council and Hotel Association of New York City, Inc. Health Benefits Fund

(3) -New York Hotel Trades Council and Hotel Association of New York City, Inc. Prepaid Legal Services Fund

### Defined Contribution 401(k) Plan

The Company and the Subsidiaries have a defined contribution plan for the benefit of its eligible employees pursuant to Section 401(k) of the Internal Revenue Code. In addition to employee 401(k) contributions, the plan requires employer contributions of 3% of each eligible participants' plan compensation for each year. The employer may also make a profit-sharing contribution of a uniform percentage of eligible participants' plan compensation based on profits as defined. The employer contribution charged to the Company's and the subsidiaries' operations amounts to the following for the years ended March 31:

| | 2023 | 2022 |
|---|---|---|
| The San Francisco LLC | 78,859 | 62,827 |
| The New York LLC | 143,963 | 123,861 |
| The Company | 24,031 | 22,763 |
| **Total** | **246,853** | **209,451** |

### Employee Retention Credit

During the previous year, the Company availed the benefit under the ERC (Employee Retention Credit) scheme, a benefit given by the Federal government under the COVID stimulus package which allows businesses to take credit of the wages paid to employees on furlough and not working. The total ERC credit claimed by the Company for the year ended March 31, 2023 and March 31, 2022 amounts to $379,980 ($379,980 for the IHMS LLC and $ NIL for the IHMS (SF) LLC), and $543,556 ($384,718 for the IHMS LLC and $158,838 for the IHMS (SF) LLC). As of March 31, 2023, and March 31, 2022, $ NIL and $379,980 was receivable from IRS.

### Deferral of Employment Taxes

Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of Social Security taxes. The payroll tax deferral period began on March 27, 2020 and ended on December 31, 2020. Section 2302(a)(2) of the CARES Act provides that the deferred deposits of the employer's share of social security tax must be 50 percent deposited by December 31, 2021, and the remaining amount must be deposited by December 31, 2022. The Company has deferred the employment taxes amounting to $ NIL of March 31, 2023, and $308,187 as on March 31, 2022, respectively.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

## Note K - Related Party Transactions

**A. Ultimate Parent Company**

The Indian Hotels Company Limited (owning 100% of common stock of the IHOCO B.V.)

**B. Parent Company**

IHOCO B.V. (Owning 100% of common stock of United Overseas Holdings, Inc.)

**C. Affiliate Company**

Taj International Hotels (HK) Limited

Amount due to related parties have no specified date of repayment.

The Company has following transactions with the related parties:

### The Indian Hotels Company Limited ("The IHCL")

The Company has outstanding receivable from the IHCL amounting to $81,579 and $83,443 as at March 31, 2023 and 2022, respectively.

### Taj International Hotels (HK) Limited

The Company has obtained advances from TAJ International Hotels (HK) Limited amounting to $7,000,000 at 3.5% p.a. The aforesaid loan was converted into interest free advances effective November 01, 2019.

### IHOCO B.V.

The parent company contributed in the form of additional paid-in capital amounting to $24,000,000, during the year ended March 31, 2023.

## Note L - Commitments & Contigencies

### Claims and Legal Actions

The Company is a party to claims that arise in the normal course of business. Management of the Company believes that the ultimate outcome of these claims will not have a material effect on the consolidated financial statements.

### Management Agreement with Landlord

On July 1, 2005, 795 Corp. entered into a management agreement (the "Management Agreement") with the New York LLC. Under the Management Agreement, the New York LLC agreed to manage the Hotel Pierre as agent for the 795 Corp. and provide the shareholders of the 795 Corp. with certain services.

Under the Management Agreement, the 795 Corp. is required to pay a base annual management fee of $3,907,362. This fee, subject to annual adjustments, reflects increases in costs of management over the prior year.

The Management Agreement was originally scheduled to expire on June 30, 2025. On August 31, 2017, the New York LLC entered into a modified Management Agreement which extended the term of the agreement by ten years to June 30, 2035. In connection with the modified Management Agreement, the base annual management fee required to be paid by the 795 Corp. was increased to $5,744,690, with annual increases thereafter. In addition, the New York LLC is no longer required to provide certain services to the shareholders of the 795 Corp.

Management fees, including other reimbursements and fees charged to the 795 Corp. totaled to $9,452,188 and $8,422,285 for the years ended March 31, 2023, and 2022, respectively are included in other revenue. The Management Agreement is co-terminus with the lease agreements with 795 Corp. and 795 Partnership.

The Company has extended a letter of credit amounting to $5,000,000 to 795 Corp. to ensure that the Company performs its lease obligation pursuant to its lease agreement.

# Notes to Consolidated Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

**Capital Commitments**

Net capital commitments for the IHMS(NY) as on March 31, 2023, amounted to $866,828 which includes capital commitments towards Ballroom project worth $114,165, Facade worth $250,000 and towards other commitments worth $502,463. Also, capital commitments towards IHMS(SF) amounted to $58,226, Making the total Capital Commitments as on March 31, 2023, for UOH amounting to $924,854.

## Note M - Risk and Uncertainties

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

## Note N - Subsequent Events

The Company evaluated all events or transactions that occurred after March 31, 2023, up to the date of the consolidated financial statements were issued. Based on this evaluation, the Company is not aware of any events or transactions that should require recognition or disclosure in the consolidated financial statements.

# Independent Auditor's Report on Supplementary Information

To the Board of Directors and Stockholder of
**United Overseas Holdings, Inc.**

We have audited the consolidated financial statements of United Overseas Holdings, Inc. as of and for the years ended March 31, 2023 and March 31, 2022 and our report thereon dated April 20, 2023 expresses an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidated balance sheets and consolidated statements of loss and cash flows ("supplementary information") are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

**Atlanta, Georgia**
April 20, 2023

# Supplementary Information
(All amounts are stated in United States Dollars, unless otherwise stated)

| Consolidated balance sheets | As at March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | IHMS (SF) LLC | IHMS LLC | IHMS (USA) LLC | United Overseas Holdings, Inc. | Eliminations | Consolidated |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash | 235,472 | 112,543 | - | 28,018 | - | 376,033 |
| Accounts receivable | | | | - | - | |
| Guest ledger | 113,556 | 197,361 | - | - | - | 310,917 |
| City ledger | 77,323 | 862,397 | - | - | - | 939,720 |
| Inventories | 165,528 | 350,563 | - | - | - | 516,091 |
| Employee retention credit receivable | - | - | | - | - | - |
| Prepaid expenses | 288,992 | 615,179 | - | 1,558 | - | 905,725 |
| Other receivables | - | 277,214 | - | - | - | 277,213 |
| **Total Current Assets** | **880,871** | **2,415,257** | **-** | **29,576** | **-** | **3,325,699** |
| Property and equipment | | | | | | |
| Investment in cooperative apartments | - | 1,500,000 | | - | | 1,500,000 |
| Land | 14,000,000 | - | | - | | 14,000,000 |
| Building and improvements | 45,771,617 | 112,091,067 | | - | | 157,862,685 |
| Furniture, fixtures, and equipment | 4,218,058 | 30,304,038 | | 79,397 | | 34,601,492 |
| Construction in progress | 273,017 | 1,585,862 | | - | | 1,858,879 |
| | **64,262,692** | **145,480,967** | | **79,397** | | **209,823,056** |
| Less: accumulated depreciation | (21,742,448) | (65,902,320) | | (73,724) | | (87,718,492) |
| **Property and Equipment, Net** | **42,520,245** | **79,578,647** | | **5,672** | | **122,104,564** |
| Other assets | | | | | | |
| Deferred costs, net | 60,000 | - | | - | | 60,000 |
| Security deposits | 30,650 | 87,316 | | - | | 117,966 |
| Investment in subsidiaries | - | - | | 110,918,386 | (110,918,386) | - |
| Right to use | | 38,909,331 | | - | | 38,909,331 |
| Due from related parties | 9,172 | - | 8,334,941 | 121,213,248 | (129,475,782) | 81,579 |
| **Total assets** | **43,500,936** | **120,990,547** | **8,334,941** | **232,166,882** | **(240,394,168)** | **164,599,139** |
| **Liabilities and Stockholder's Equity (Deficit)** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable trade | 106,103 | 3,179,335 | - | | | 3,285,437 |
| Other tax payable | 146,801 | 701,081 | - | | | 847,882 |
| Lease liabilities - Current | - | 3,238,374 | - | | | 3,238,374 |
| Accrued expenses | | | | | | |
| Payroll and related | 286,678 | 618,479 | - | 7,116 | | 912,274 |
| Vacation, gratuities, and incentives | 259,730 | 3,825,023 | - | 282,163 | | 4,366,916 |
| Interest | - | 25,402 | - | 10,634 | | 36,036 |
| Utilities | 45,350 | 306,875 | - | | | 352,226 |
| Capital projects | - | 635,674 | - | | | 635,674 |
| Other | 348,124 | 1,245,992 | - | | | 1,594,116 |
| Tenants' security deposits | - | 205,500 | - | | | 205,500 |
| Advance deposits and other credit balances | 149,026 | 4,330,277 | - | 30,000 | | 4,509,304 |
| Current portion of long-term debt | - | 421,570 | - | | | 421,570 |
| Notes payable to related parties | - | - | - | 7,000,000 | | 7,000,000 |
| Line of credit | - | - | - | 4,000,000 | | 4,000,000 |
| **Total Current Liabilities** | **1,341,812** | **18,733,583** | **-** | **11,329,912** | | **31,405,308** |
| Due to related parties | 17,998,969 | 102,475,402 | - | 666,470 | (121,140,841) | - |
| Lease liabilities – non-current | - | 35,756,775 | - | | | 35,756,775 |
| Long term debt | - | 6,048,759 | - | | | 6,048,759 |
| **Total Liabilities** | **19,340,781** | **163,014,519** | **-** | **11,996,382** | **(121,140,841)** | **73,210,842** |
| **Stockholder's Equity (deficit)** | | | | | | |
| Common stock, par value $1 per share, 100 shares authorised, issued and outstanding | - | - | - | 100 | | 100 |
| Additional paid-in-capital | 53,741,941 | 236,803,509 | - | 244,223,741 | (290,545,450) | 244,223,741 |
| Accumulated surplus (deficit) | (29,581,786) | (278,827,481) | 8,334,941 | (24,053,341) | 171,292,123 | (152,835,544) |
| **Total Stockholder's Equity (deficit)** | **24,160,155** | **(42,023,972)** | **8,334,941** | **220,170,499** | **(119,253,327)** | **91,388,297** |
| **Total Liabilities and Stockholder's Equity** | **43,500,937** | **120,990,547** | **8,334,941** | **232,175,548** | **(240,394,168)** | **164,599,139** |

# Supplementary Information (Contd.)

(All amounts are stated in United States Dollars, unless otherwise stated)

| | As at March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| **Consolidated balance sheets** | **IHMS (SF) LLC** | **IHMS LLC** | **IHMS (USA) LLC** | **United Overseas Holdings, Inc.** | **Eliminations** | **Consolidated** |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash | 407,376 | 1,921,335 | 4,864 | 400,684 | - | 2,734,259 |
| Accounts receivable | | | | | | |
| Guest ledger | 106,110 | 154,985 | - | - | - | 261,095 |
| City ledger | 69,267 | 570,727 | - | - | - | 639,994 |
| Inventories | 173,099 | 332,835 | - | - | - | 505,934 |
| Employee retention credit receivable | - | 379,980 | - | - | - | 379,980 |
| Prepaid expenses | 203,761 | 487,697 | - | 11,200 | - | 702,658 |
| Other receivables | - | 1,595,568 | - | - | - | 1,595,568 |
| **Total Current Assets** | **959,613** | **5,443,127** | **4,864** | **411,884** | **-** | **6,819,488** |
| Property and equipment | | | | | | |
| Investment in cooperative apartments | - | 1,500,000 | - | - | - | 1,500,000 |
| Land | 14,000,000 | - | - | - | - | 14,000,000 |
| Building and improvements | 45,771,617 | 108,435,829 | - | - | - | 154,207,446 |
| Furniture, fixtures, and equipment | 4,124,978 | 30,026,565 | - | 78,065 | - | 34,229,606 |
| Construction in progress | 240,812 | 2,060,077 | - | - | - | 2,300,890 |
| | **64,137,407** | **142,022,471** | **-** | **78,065** | **-** | **206,237,942** |
| Less: accumulated depreciation | 20,379,661 | 62,443,825 | - | 72,244 | - | (82,503,410) |
| **Property and Equipment, Net** | **43,757,746** | **79,578,646** | **-** | **5,821** | **-** | **123,734,532** |
| Other assets | | | | | | |
| Deferred costs, net | 60,000 | - | - | - | - | 60,000 |
| Security deposits | 30,650 | 87,316 | - | - | - | 117,966 |
| Investment in subsidiaries | - | - | - | 110,918,386 | (110,918,386) | - |
| Due from related parties | (662) | 7,907 | 8,330,520 | 117,420,462 | (125,674,785) | 83,443 |
| **Total Assets** | **44,807,347** | **85,509,316** | **8,335,384** | **228,756,553** | **(236,593,171)** | **130,815,429** |
| **Liabilities and Stockholder's Equity (Deficit)** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable trade | 52,516 | 1,159,453 | - | - | - | 1,211,969 |
| Other tax payable | 110,463 | 243,373 | - | - | - | 353,836 |
| Accrued expenses | | | | | | |
| Payroll and related | 315,993 | 1,166,705 | - | - | - | 1,482,698 |
| Vacation, gratuities, and incentives | 256,835 | 3,376,323 | - | 212,478 | - | 3,845,635 |
| Interest | - | 26,636 | - | 105,668 | - | 132,304 |
| Utilities | 32,018 | 226,092 | - | - | - | 258,110 |
| Capital projects | - | 2,733,356 | - | - | - | 2,733,356 |
| Other | 298,357 | 748,954 | - | - | - | 1,047,313 |
| Tenants' security deposits | - | 143,300 | - | - | - | 143,300 |
| Advance deposits and other credit balances | 605,590 | 5,628,233 | - | 44,145 | - | 6,277,968 |
| Current portion of long-term debt | - | 400,815 | - | 1,500,000 | - | 1,900,815 |
| Notes payable to related parties | - | - | - | 7,000,000 | - | 7,000,000 |
| Line of credit | - | - | - | 4,000,000 | - | 4,000,000 |
| **Total Current Liabilities** | **1,671,774** | **15,853,240** | **-** | **12,862,291** | **-** | **30,387,304** |
| Due to related parties | 18,650,305 | 98,018,823 | - | 9,005,655 | (125,674,784) | - |
| Long term debt | - | 6,473,043 | - | 18,080,086 | - | 24,553,129 |
| **Total Liabilities** | **20,322,079** | **120,345,106** | **-** | **39,948,032** | **(125,674,784)** | **54,940,433** |
| **Stockholder's Equity (deficit)** | | | | | | |
| Common stock, par value $1 per share, 100 shares authorised, issued and outstanding | - | - | - | 100 | - | 100 |
| Additional paid-in-capital | 53,741,941 | 236,803,509 | - | 220,223,741 | (290,545,450) | 220,223,741 |
| Accumulated surplus (deficit) | (29,256,673) | (271,639,299) | 8,335,384 | (31,415,320) | 179,627,063 | (144,348,845) |
| **Total Stockholder's Equity (deficit)** | **24,485,268** | **(34,835,790)** | **8,335,384** | **188,808,521** | **(110,918,387)** | **75,874,996** |
| **Total Liabilities and Stockholder's Equity (deficit)** | **44,807,347** | **85,509,316** | **8,335,384** | **228,756,553** | **(236,593,171)** | **130,815,429** |

# Supplementary Information (Contd.)

(All amounts are stated in United States Dollars, unless otherwise stated)

| Consolidated statements of loss | For the year ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | IHMS (SF) LLC | IHMS LLC | IHMS (USA) LLC | United Overseas Holdings, Inc. | Eliminations | Consolidated |
| **Revenue** | | | | | | |
| Rooms | 8,367,110 | 33,974,461 | - | - | | 42,341,572 |
| Food and beverage | 2,025,235 | 24,917,499 | - | - | | 26,942,734 |
| Other | 892,603 | 10,723,501 | - | 654 | | 11,616,758 |
| **Total Revenue** | **11,284,948** | **69,615,461** | **-** | **654** | **-** | **80,901,064** |
| **Departmental Expenses** | | | | | | |
| Room | 3,081,854 | 17,930,611 | - | - | | 21,012,465 |
| Food and beverages | 2,018,698 | 27,276,031 | - | - | | 29,294,729 |
| Others | 212,509 | 1,324,888 | - | - | | 1,537,397 |
| **Total departmental expenses** | **5,313,061** | **46,531,530** | **-** | **-** | **-** | **51,844,591** |
| **Income before unallocated operating expenses and fixed charges** | **5,971,887** | **23,083,931** | **-** | **654** | | **29,056,473** |
| **Unallocated Operating Expenses** | | | | - | | |
| Administrative and general | 1,782,348 | 8,724,976 | 442 | 203,183 | | 10,710,949 |
| Sales and marketing | 516,094 | 2,155,725 | - | 1,397,353 | | 4,069,172 |
| Repairs and maintenance | 858,673 | 5,307,385 | - | - | | 6,166,058 |
| Utilities expense | 594,705 | 3,683,305 | - | - | | 4,278,010 |
| **Total unallocated operating expenses** | **3,751,820** | **19,871,391** | **442** | **1,600,536** | | **25,224,189** |
| **Loss before fixed charges** | **2,220,067** | **3,212,540** | **(442)** | **(1,599,883)** | | **3,832,284** |
| **Fixed Charges** | | | | | | |
| Real estate and other taxes | 783,957 | - | - | - | | 783,957 |
| Insurance | 359,791 | 561,493 | - | - | | 921,284 |
| Rent and license fees | 37,845 | 4,893,841 | - | 35,020 | | 4,966,707 |
| Depreciation | 1,362,787 | 4,192,411 | - | 1,481 | | 5,556,678 |
| Interest and finance costs | - | 708,250 | - | 419,569 | | 1,127,819 |
| **Total fixed charges** | **2,544,380** | **10,355,995** | **-** | **456,070** | | **13,356,445** |
| **Loss before other income** | **(324,313)** | **(7,143,456)** | **(442)** | **(2,055,952)** | | **(9,524,164)** |
| **Other Income** | | | | | | |
| Sales and marketing, and management fees | - | - | - | 1,082,990 | | 1,082,990 |
| Total other income | **-** | **-** | **-** | **1,082,990** | | **1,082,990** |
| Loss before tax | **(324,313)** | **(7,143,457)** | **(442)** | **(972,962)** | | **(8,441,174)** |
| Income tax expense | 800 | 44,725 | - | - | | 45,525 |
| **Net Loss** | **(325,113)** | **(7,188,181)** | **(442)** | **(972,962)** | | **(8,486,699)** |

# Supplementary Information (Contd.)

(All amounts are stated in United States Dollars, unless otherwise stated)

| Consolidated statements of loss | For the year ended March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | IHMS (SF) LLC | IHMS LLC | IHMS (USA) LLC | United Overseas Holdings, Inc. | Eliminations | Consolidated |
| **Revenue** | | | | | | |
| Rooms | 4,392,904 | 20,414,879 | - | - | - | 24,807,783 |
| Food and beverage | 1,049,133 | 5,800,642 | - | - | - | 6,849,775 |
| Other | 602,691 | 9,181,782 | - | - | - | 9,784,473 |
| **Total Revenue** | **6,044,728** | **35,397,303** | **-** | **-** | **-** | **41,442,031** |
| **Departmental Expenses** | | | | | | |
| Room | 2,031,410 | 10,774,661 | - | - | - | 12,806,071 |
| Food and beverages | 1,306,243 | 10,880,307 | - | - | - | 12,186,550 |
| Others | 195,050 | 1,083,320 | - | - | - | 1,278,370 |
| **Total departmental expenses** | **3,532,703** | **22,738,288** | **-** | **-** | **-** | **26,270,991** |
| **Income before unallocated operating expenses and fixed charges** | **2,512,025** | **12,659,015** | | | | **15,171,040** |
| **Unallocated Operating Expenses** | | | | | | |
| Administrative and general | 1,516,014 | 6,626,999 | 766 | 537,239 | - | 8,681,018 |
| Sales and marketing | 435,621 | 1,471,080 | - | 1,102,166 | - | 3,008,867 |
| Repairs and maintenance | 752,713 | 4,236,131 | - | - | - | 4,988,844 |
| Utilities expense | 412,132 | 2,125,426 | - | - | - | 2,537,558 |
| **Total unallocated operating expenses** | **3,116,480** | **14,459,636** | **766** | **1,639,405** | **-** | **19,216,287** |
| **Loss before fixed charges** | **(604,455)** | **(1,800,621)** | **(766)** | **(1,639,405)** | **-** | **(4,045,247)** |
| **Fixed Charges** | | | | | | |
| Real estate and other taxes | 729,353 | - | - | - | - | 729,353 |
| Insurance | 326,572 | 477,078 | - | - | - | 803,650 |
| Rent and license fees | 33,873 | 4,282,789 | - | 67,200 | - | 4,383,862 |
| Depreciation | 1,431,744 | 3,783,632 | - | 1,499 | - | 5,216,875 |
| Interest and finance costs | 6,835 | 997,572 | - | 106,995 | - | 1,111,401 |
| **Total fixed charges** | **2,528,376** | **9,541,071** | **-** | **175,694** | **-** | **12,245,141** |
| **Loss before other income** | **(3,132,831)** | **(11,341,692)** | **(766)** | **(1,815,099)** | **-** | **(16,290,388)** |
| **Other Income** | | | | | | |
| Sales and marketing, and management fees | - | - | - | 867,276 | - | 867,276 |
| Total other income | **-** | **-** | **-** | **867,276** | **-** | **867,276** |
| Loss before tax | **(3,132,831)** | **(11,341,692)** | **(766)** | **(947,823)** | **-** | **(15,423,112)** |
| Income tax expense | 1,640 | 2,432 | | | | 4,072 |
| **Net Loss** | **(3,134,471)** | **(11,344,124)** | **(766)** | **(947,823)** | **-** | **(15,427,184)** |

# Supplementary Information (Contd.)

(All amounts are stated in United States Dollars, unless otherwise stated)

| | For the year ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| **Consolidated statements of cash flows** | **IHMS (SF) LLC** | **IHMS LLC** | **IHMS (USA) LLC** | **United Overseas Holdings, Inc.** | **Eliminations** | **Consolidated** |
| **Cash flows from operating activities** | | | | | | |
| Net loss | (325,113) | (7,188,181) | (442) | (972,962) | - | (8,486,699) |
| **Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities** | | | | | | |
| Depreciation and amortisation | 1,362,787 | 4,192,411 | - | 1,481 | - | 5,556,678 |
| Amortisation of debt initiation cost | - | - | - | 41,779 | - | 41,779 |
| Loss on extinguishment of debt | - | - | - | 377,840 | - | 377,790 |
| **Changes in certain other accounts** | | | | | | |
| Accounts receivable | (15,502) | (334,046) | - | - | - | (349,548) |
| Inventories | 7,571 | (17,728) | - | - | - | (10,157) |
| Prepaid expenses and other receivables | (85,231) | 1,570,852 | - | 9,642 | - | 1,495,264 |
| Operating Lease ROU Asset | - | 848,975 | | - | - | 848,975 |
| Accounts payable | 53,586 | 2,019,882 | - | - | - | 2,073,468 |
| Taxes payable, other than income | 36,337 | 457,709 | - | - | - | 494,046 |
| Accrued expenses | 36,679 | (1,620,621) | - | (17,889) | - | (1,601,832) |
| Advance deposits and other credit balances | (456,563) | (1,235,756) | - | (14,144) | - | (1,706,463) |
| Operating lease liability | - | (763,157) | - | - | - | (763,157) |
| Due to related parties, net | (661,170) | 4,464,486 | (4,421) | (3,797,031) | - | 1,864 |
| **Net cash used in operating activities** | **(46,619)** | **2,394,829** | **(4,863)** | **(4,371,335)** | **-** | **(2,027,988)** |
| **Cash flows from investing activities** | | | | | | |
| Property, equipment, and construction in progress | (125,285) | (3,800,091) | - | (1,333) | - | (3,926,708) |
| **Net cash used in investing activities** | **(125,285)** | **(3,800,091)** | **-** | **(1,333)** | **-** | **(3,926,708)** |
| **Cash flows from financing activities** | | | | | | |
| Additional paid-in capital | - | - | - | 24,000,000 | - | 24,000,000 |
| Withdrawals on line of credit | - | - | - | 7,100,000 | - | 7,100,000 |
| Repayment of line of credit | - | - | - | (7,100,000) | - | (7,100,000) |
| Proceeds from long term debt | - | - | - | (20,000,000) | - | (20,000,000) |
| Loan repaid to 795 Corp | - | (403,530) | - | - | - | (403,530) |
| **Net cash provided by financing activities** | **-** | **(403,530)** | **-** | **4,000,000** | **-** | **3,596,470** |
| Net change in cash | (171,904) | (1,808,792) | (4,863) | (372,668) | - | (2,358,226) |
| Cash at the beginning of year | 407,376 | 1,921,335 | 4,863 | 400,685 | - | 2,734,259 |
| **Cash at the end of year** | **235,472** | **112,543** | **(0)** | **28,018** | **-** | **376,033** |
| Supplemental cash flow information | | | | | | |
| Income tax paid | 2,100 | 9,700 | - | - | - | 11,800 |
| Interest paid | - | 804,518 | - | - | - | 804,518 |

# Supplementary Information (Contd.)

(All amounts are stated in United States Dollars, unless otherwise stated)

| Consolidated statements of cash flows | For the year ended March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | IHMS (SF) LLC | IHMS LLC | IHMS (USA) LLC | United Overseas Holdings, Inc. | Eliminations | Consolidated |
| **Cash flows from operating activities** | | | | | | |
| Net loss | (3,134,472) | (11,344,124) | (766) | (947,822) | - | (15,427,184) |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities | | | | | | |
| Depreciation and amortisation | 1,431,744 | 3,783,632 | - | 1,499 | - | 5,216,875 |
| Amortisation of debt initiation cost | - | - | - | 106,995 | - | 106,995 |
| **Changes in certain other accounts** | | | | | | |
| Accounts receivable | (73,887) | (165,138) | - | - | - | (239,025) |
| Inventories | 38,874 | 76,126 | - | - | - | 115,000 |
| Prepaid expenses and other receivables | 22,280 | (1,490,444) | - | (4,683) | - | (1,472,847) |
| Security deposits | 2,440 | - | - | - | - | 2,440 |
| Accounts payable | 13,694 | (698,536) | - | - | - | (684,842) |
| Taxes payable, other than income | 80,275 | 221,046 | - | - | - | 301,321 |
| Accrued expenses | 165,420 | 4,255,899 | - | 143,096 | - | 4,564,415 |
| Advance deposits and other credit balances | 397,539 | 566,901 | - | (607,061) | - | 357,379 |
| Due from related parties, net | 1,400,374 | 10,227,014 | 5,000 | (11,662,235) | - | (29,847) |
| **Net cash used in operating activities** | **344,281** | **5,432,376** | **4,234** | **(12,970,211)** | **-** | **(7,189,320)** |
| **Cash flows from investing activities** | | | | | | |
| Property, equipment, and construction in progress | (164,302) | (10,993,923) | - | - | - | (11,158,225) |
| **Net cash used in investing activities** | **(164,302)** | **(10,993,923)** | **-** | **-** | **-** | **(11,158,225)** |
| **Cash flows from financing activities** | | | | | | |
| Additional paid-in capital | - | - | - | 15,000,000 | - | 15,000,000 |
| Withdrawals on line of credit | - | - | - | 5,000,000 | - | 5,000,000 |
| Repayment of line of credit | - | - | - | (21,500,000) | - | (21,500,000) |
| Proceeds from long term debt | - | - | - | 14,000,000 | - | 14,000,000 |
| Deferred financing costs paid | - | - | - | (225,000) | - | (225,000) |
| Loan received from 795 Corp | - | 7,000,000 | - | - | - | 7,000,000 |
| Loan repaid to 795 Corp | - | (126,142) | - | - | - | (126,142) |
| **Net cash provided by financing activities** | **-** | **6,873,858** | | **12,275,000** | **-** | **19,148,858** |
| Net change in cash | 179,980 | 1,312,310 | 4,234 | (695,211) | - | 801,312 |
| Cash at the beginning of year | 227,396 | 609,025 | 629 | 1,095,896 | - | 1,932,947 |
| **Cash at the end of year** | **407,376** | **1,921,335** | **4,863** | **400,685** | **-** | **2,734,259** |
| Supplemental cash flow information | | | | | | |
| Income tax paid | 800 | 1,600 | - | - | - | 2,400 |
| Interest paid | 6,835 | 1,023,831 | - | - | - | 1,030,666 |

# Independent Auditor's Report

To the Members of St. James Court Hotel Limited

## Opinion

We have audited the financial statements of St. James Court Hotel Limited ("the Company") for the year ended March 31, 2023, which comprise the Statement of Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

# Independent Auditor's Report (Continued)

## Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on Which we are Required to Report by Exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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 ISAs (UK) 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.

## The Extent to Which the Audit is Capable of Detecting Irregularities, Including Fraud is Detailed Below:

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud and error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. The primary responsibility for prevention and detection of fraud rests with both those charged with governance of the entity and management.

Based on our understanding of the Company and the industry, discussions with the management, we identified Companies Act 2006, Financial Reporting Standard 102, Health & Safety, Employment Law and UK taxation and legislation as having a direct effect on the amounts and disclosures in the financial statements.

# Independent Auditor's Report (Continued)

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with the laws and regulations and if there are any known instances of non compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the minutes of the meetings conducted by the Board of Directors;
- enquiry of management of legal matters in the year and use of legal firms thereof;
- evaluation of the selection and application of accounting and policies related to subjective measurements and complex transactions;
- analytical procedures to verify unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The potential effects of inherent limitations are particularly significant in case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes to conceal it, including deliberate failure to record transactions, collusion or internal misrepresentations being made to us.

A further description of our responsibilities for the audit of financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### Use of our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Amanjit Singh FCA (Senior Statutory Auditor)**
**For and on Behalf of KNAV Limited, Statutory Auditor**

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 2023-014-UK

# Profit and Loss Account and Other Comprehensive income
for the Year Ended March 31, 2023

| | Note | 2023<br>£ | 2022<br>£ |
|---|---|---|---|
| Turnover | 4 | 43,122,695 | 19,663,343 |
| Cost of sales | | (23,843,828) | (13,227,256) |
| **Gross profit** | | **19,278,867** | **6,436,087** |
| Administrative expenses | | (14,362,878) | (9,792,581) |
| Other operating income | 5 | 117,922 | 775,039 |
| **Operating profit/(loss)** | 6 | **5,033,911** | **(2,581,455)** |
| Interest receivable and similar income | 8 | 32,698 | 290 |
| Interest payable and similar expenses | 9 | (1,987,210) | (1,962,349) |
| **Profit/(loss) before tax** | | **3,079,399** | **(4,543,514)** |
| Tax on profit/(loss) | 12 | (1,557,355) | 2,925,663 |
| **Profit/(loss) for the financial year** | | **1,522,044** | **(1,617,851)** |

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations. No other comprehensive income was recognised during the year or the prior year.

# Balance Sheet
as at March 31, 2023

| | Note | 2023<br>£ | 2022<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 13 | 104,873,922 | 105,749,447 |
| **Current assets** | | | |
| Stocks | 14 | 411,791 | 371,311 |
| Debtors | 15 | 11,057,623 | 12,385,015 |
| Cash at bank and in hand | 16 | 3,794,152 | 1,600,883 |
| | | 15,263,566 | 14,357,209 |
| Creditors: Amounts falling due within one year | 17 | (6,310,227) | (5,463,912) |
| Net current assets | | 8,953,339 | 8,893,297 |
| Total assets less current liabilities | | 113,827,261 | 114,642,744 |
| Creditors: Amounts falling due after more than one year | 17 | (27,742,363) | (52,579,890) |
| **Net assets** | | **86,084,898** | **62,062,854** |
| **Capital and reserves** | | | |
| Called up share capital | | 67,777,912 | 56,527,912 |
| Share premium reserve | | 12,441,976 | 1,191,976 |
| Retained earnings | | 5,865,010 | 4,342,966 |
| Shareholders' funds | | **86,084,898** | **62,062,854** |

These financial statements were approved and authorised for issue by the Board on 14 April 2023 and signed on its behalf by:

**N Chandrasekhar**
**Director**

# Statement of Changes in Equity
for the year ended 31 March 2023

| | Share Capital £ | Share Premium £ | Retained Earnings £ | Total £ |
|---|---|---|---|---|
| At April 01, 2021 | 56,527,912 | 1,191,976 | 5,960,817 | 63,680,705 |
| Loss for the year | - | - | (1,617,851) | (1,617,851) |
| **At March 31, 2022** | **56,527,912** | **1,191,976** | **4,342,966** | **62,062,854** |

| | Note | Share Capital £ | Share Premium £ | Retained Earnings £ | Total £ |
|---|---|---|---|---|---|
| At April 01, 2022 | | 56,527,912 | 1,191,976 | 4,342,966 | 62,062,854 |
| Profit for the year | | - | - | 1,522,044 | 1,522,044 |
| New share capital subscribed | 22 | 11,250,000 | 11,250,000 | - | 22,500,000 |
| **At March 31, 2023** | | **67,777,912** | **12,441,976** | **5,865,010** | **86,084,898** |

# Notes to the Financial Statements
for the Year Ended March 31, 2023

## 1 General Information

St James Court Hotel Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006.

The address of its registered office is:
St. James Court Hotel
Buckingham Gate
London
SW1E 6AF
United Kingdom

These financial statements were authorised for issue by the Board on 14 April 2023.

## 2 Accounting Policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

### Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has made certain reclassifications and regroupings in the comparative numbers in these financial statements to conform to the classifications used in the current financial year. These changes have no impact on the previously reported net loss. The reclassifications and regroupings have been made for better presentation.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The functional and presentational currency is £ Sterling (£), being the currency of the primary economic environment in which the company operates in. The amounts are presented rounded to the nearest pound.

### Summary of Significant Accounting Policies and Key Accounting Estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Financial Reporting Standard 102 Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 26 Share based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 7, Statement of Cash flows;

This information will be included in the consolidated financial statements of The Indian Hotels Company Limited as at March 31, 2023 and these consolidated financial statements may be obtained from Mandlik House, Mandlik Road, Mumbai 400 001, India. They are also available from www.ihcltata.com.

### Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report of these financial statements. These financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

The directors have made an assessment of future cashflows for a period of 12 months from the date of the approval of the financial statements which indicate that the Company will have sufficient funds, through its operations to meet its liabilities as they fall due for that period.

**Turnover**

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer.

**Government Grants**

Money received in the form of a government grant is treated as revenue grant. Therefore, grant income is recorded within other operating income in the statement of profit and loss on a systematic basis in the same periods as the related expenses incurred.

**Interest Income**

Interest income is recognised in statement of profit and loss using the effective interest method.

**Finance Costs**

Finance costs are charged to statement of profit and loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Foreign Currency Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses including gains and losses on borrowings and cash and cash equivalents are presented in the profit and loss account within ‘other operating income/administrative expenses’.

**Tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Tangible Assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes original purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

**Depreciation**

Depreciation is provided on the following basis:

| Asset Class | Depreciation Method and Rate |
|---|---|
| Long term leasehold property | Over term of lease |
| Furniture, fittings, and equipment | 5% to 20% straight line basis |
| Leasehold building surfaces* | 30 years straight line basis |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

***Leasehold Building Surfaces are Included in the Long-Term Leasehold Property in the "Note 13 – Tangible Assets".**

**Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of profit and loss.

**Trade Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

### Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### Trade Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method

### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account and other comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### Leased Assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company’s incremental borrowing rate is used.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of profit and loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### Operating Leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivables as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Defined Contribution Pension Obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**Financial Instruments**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**Hedging**

The Company uses variable to fixed interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

As at the year end, no hedging instruments were being used by the Company.

## 3 Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- Determine the likelihood of future taxable profits are profitable to utilise against the deferred tax asset.
- Tangible fixed assets (see note 13) are reviewed for impairment if there are any indicators to suggest the carrying value may not be recoverable. Recoverable amounts are based on fair values which have been derived from external valuations.

## 4 Turnover

The analysis of the company's Turnover for the year by class of business is as follows:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Room revenue | 35,227,891 | 15,483,818 |
| Food and beverage | 6,955,820 | 3,601,079 |
| Other | 938,984 | 578,446 |
| | 43,122,695 | 19,663,343 |

The Company has re-classified rent income from Quilon amounting to £67,254 included in turnover to other operating income for the year ended March 31, 2022.

The analysis of the company's turnover for the year by market is as follows:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| UK revenue | 43,122,695 | 19,663,343 |

## 5 Other Operating Income

The analysis of the company's other operating income for the year is as follows:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Government grants | - | 707,785 |
| Quilon lease rentals | 117,922 | 67,254 |
| | 117,922 | 775,039 |

The Company had received grants under the Government's furlough scheme which had been created for the purpose of supporting businesses during the pandemic. The grants were given for specified staff over a specified period of time during which they were not permitted to work for the company. The grants were recognised on a time basis consistent with the period of furlough experienced by staff. The grant was not repayable providing the conditions of grant have been met; the Company believes it had met all the required conditions.

## 6 Operating Profit/(Loss)

The operating profit is stated after charging/(crediting):

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Depreciation of tangible fixed assets | 4,031,669 | 3,986,272 |
| Other operating lease rentals | 877,160 | 874,897 |
| Foreign exchange losses, net | 57,048 | 1,910 |

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

## 7 Auditors’ Remuneration

| | 2023 £ | 2022 £ |
|---|---|---|
| Audit of the financial statements | 30,000 | 30,000 |
| Other non-audit services | 5,000 | - |

## 8 Interest Receivable and Similar Income

| | 2023 £ | 2022 £ |
|---|---|---|
| Interest income on bank deposits | 32,698 | 290 |

## 9 Interest Payable and Similar Expenses

| | 2023 £ | 2022 £ |
|---|---|---|
| Bank and other interest payable | 1,730,040 | 1,765,433 |
| Other loan interest (charges payable) | 249,640 | 246,397 |
| Interest on finance leases and hire purchase contracts | 7,530 | 11,278 |
| Derivative fair value changes | - | (60,759) |
| | 1,987,210 | 1,962,349 |

## 10 Staff Costs

The aggregate payroll costs (including directors’ remuneration) were as follows:

| | 2023 £ | 2022 £ |
|---|---|---|
| Wages and salaries | 8,563,105 | 6,502,800 |
| Social security costs | 697,129 | 576,145 |
| Pension costs, defined contribution scheme | 198,560 | 182,434 |
| | 9,458,794 | 7,261,378 |

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2023 £ | 2022 £ |
|---|---|---|
| Operations | 246 | 204 |
| Administration | 37 | 31 |
| | 283 | 235 |

## 11 Directors’ Remuneration

The directors’ remuneration for the year was as follows:

| | 2023 £ | 2022 £ |
|---|---|---|
| Directors’ emoluments | 185,487 | 182,036 |

In respect of the highest paid director:

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

| | 2023 £ | 2022 £ |
|---|---|---|
| Remuneration | 185,487 | 182,036 |

Director's remuneration for the current year includes amounts paid to Manchan Limited, a company controlled by a director.

## 12 Taxation

| Deferred Tax 2023 | £ |
|---|---|
| Origination and reversal of timing differences | 1,164,470 |
| Adjustments in respect of prior periods | 25,158 |
| Effect of tax rate change on opening balance | 367,727 |
| | 1,557,355 |

| Deferred Tax 2022 | £ |
|---|---|
| Origination and reversal of timing differences | (405,379) |
| Adjustments in respect of prior periods | (111) |
| Effect of tax rate change on opening balance | (2,520,173) |
| | (2,925,663) |

Tax charged/(credited) in the profit and loss account and other comprehensive income

| | 2023 £ | 2022 £ |
|---|---|---|
| **Current Taxation** | | |
| Deferred tax expense | 1,557,355 | (2,925,663) |

The differences are reconciled below:

| | 2023 £ | 2022 £ |
|---|---|---|
| Profit/(loss) before tax | 3,079,399 | (4,543,514) |
| Corporation tax at standard rate | 585,086 | (863,268) |
| Effect of expense not deductible in determining taxable profit (tax loss) | 11,666 | 14,001 |
| Tax increase from effect of capital allowances and depreciation | 567,718 | 541,179 |
| Deferred tax expense/(credit) relating to changes in tax rates or laws | 367,727 | (2,617,464) |
| Deferred tax expense/(credit) from unrecognised temporary difference from a prior period | 25,158 | (111) |
| Total tax charge/(credit) | 1,557,355 | (2,925,663) |

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

### Factors That may Affect Future Tax Charges

As at March 31, 2023 the company had unrelieved trading losses of approximately £35.5m (2022: £40.7m) available to set off against future profits. See further details in note 20.

## 13 Tangible Assets

| | Long term leasehold property £ | Furniture, fittings and equipment £ | Assets under course of construction £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At April 01, 2022 | 136,891,007 | 23,119,535 | 39,250 | 160,049,792 |
| Additions | 983,899 | 888,395 | 1,283,850 | 3,156,144 |
| Disposals | - | (878,680) | - | (878,680) |
| At March 31, 2023 | 137,874,906 | 23,129,250 | 1,323,100 | 162,327,256 |
| **Depreciation** | | | | |
| At April 01, 2022 | 39,648,395 | 14,651,950 | - | 54,300,345 |
| Charge for the year | 2,676,410 | 1,355,259 | - | 4,031,669 |
| Disposals | - | (878,680) | - | (878,680) |
| At March 31, 2023 | 42,324,805 | 15,128,529 | - | 57,453,334 |
| **Carrying Amount** | | | | |
| At March 31, 2023 | 95,550,101 | 8,000,721 | 1,323,100 | 104,873,922 |
| At March 31, 2022 | 97,242,612 | 8,467,585 | 39,250 | 105,749,447 |

### Assets Held Under Finance Leases and Hire Purchase Contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

| | 2023 £ | 2022 £ |
|---|---|---|
| Furniture, fittings and equipment | 118,592 | 208,839 |

Depreciation on assets held under finance leases or hire purchase contracts amounts to £90,246 (2022: £90,246).

The recoverable amounts of the properties are determined from value in use calculations or fair value less costs to sell. Management makes use of an external valuation performed by a RICS qualified valuer in assessing the recoverable amount of the properties. The key assumptions used are in relation to discount and growth rates. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Management used a pre tax discount factor of 8% (2022: 7.50%) over the forecast period. Consideration of impairment to the carrying value of assets has been made and the directors concluded that the individual carrying values of the operating assets are supportable by the value in use or fair value less costs to sell.

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

## 14 Stocks

| | 2023 £ | 2022 £ |
|---|---|---|
| Stocks | 411,791 | 371,311 |

The stocks consist of food and beverage, merchandise for sale, housekeeping and maintenance materials. The directors are of the opinion that the replacement cost of these stocks is not significantly different to their carrying value.

## 15 Debtors

| | Note | 2023 £ | 2022 £ |
|---|---|---|---|
| Trade debtors | | 1,079,340 | 897,443 |
| Amounts owed by group undertakings | 26 | 10,375 | 10,375 |
| Other debtors | | 219,874 | 213,093 |
| Prepayments and accrued income | | 399,288 | 358,003 |
| Deferred tax assets | 20 | 9,348,746 | 10,906,101 |
| | | 11,057,623 | 12,385,015 |

Deferred taxation asset due after one year amounts to £9,348,746 (2022: £10,906,101).

All other amounts shown under debtors fall due for payment within one year.

Included within other debtors are amounts owed by directors to the company of £47,287 (2022: £46,033).

Included within prepayment and accrued income are amounts prepaid to Manchan Limited, a company controlled by a director of £14,890 (2022: £14,456).

Amounts due from group undertakings are interest free, unsecured and repayable on demand. Amounts receivable from Indian Hotel Company Limited as at March 31, 2022, amounting to £138,729 is reclassified under creditors under the head – “amounts owed to group undertakings” to net-off against its payable balance.

## 16 Cash and Cash Equivalents

| | 2023 £ | 2022 £ |
|---|---|---|
| Cash on hand | 37,886 | 28,075 |
| Cash at bank | 3,756,266 | 1,572,808 |
| | 3,794,152 | 1,600,883 |

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

## 17 Creditors

| | Note | 2023 £ | 2022 £ |
|---|---|---|---|
| **Creditors: Amounts Falling Due Within One Year** | | | |
| Bank loan including interest payable - under 1yr | 18 | 19,432 | 1,057,771 |
| Obligations under finance lease and hire purchase contracts | | 85,166 | 90,246 |
| Trade creditors | | 1,193,584 | 583,503 |
| Amounts owed to group undertakings | 26 | 267,799 | 630,591 |
| Social security and other taxes | | 522,927 | 482,640 |
| Other creditors | | 1,095,213 | 657,881 |
| Accruals and deferred income | | 3,126,106 | 1,961,280 |
| | | 6,310,227 | 5,463,912 |

### Creditors: Amounts Falling Due After More Than One Year

| | Note | 2023 £ | 2022 £ |
|---|---|---|---|
| Loans and borrowings | 18 | 27,742,363 | 52,579,890 |

During the year ended March 31, 2022 included within amounts owed to group undertakings were loan balances, amounting to £500,000. These amounts were unsecured and attracted an interest of USD 3 Month Libor + 3% Margin base. The entire loan balance amounting to £500,000 was repaid during the year ended March 31, 2023. The remaining amounts included within amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## 18 Loans and Borrowings

| | 2023 £ | 2022 £ |
|---|---|---|
| **Current Loans and Borrowings** | | |
| Bank loan including interest payable | 19,432 | 1,057,771 |
| Net obligations under finance leases and hire purchase contracts | 85,166 | 90,246 |
| | 104,598 | 1,148,017 |

| | 2023 £ | 2022 £ |
|---|---|---|
| **Non-Current Loans and Borrowings** | | |
| Bank loans | 27,700,532 | 52,450,892 |
| Net obligations under finance leases and hire purchase contracts | 41,831 | 128,998 |
| | 27,742,363 | 52,579,890 |

Analysis of the maturity of loans is given below:

| | 2023 £ | 2022 £ |
|---|---|---|
| Within 1 year | - | 1,000,000 |
| Within 2 to 5 years | 28,000,000 | 53,000,000 |
| Less: issue costs | (299,468) | (549,108) |
| | 27,700,532 | 53,450,892 |

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

The company entered two facilities under the agreement:

- Facility A which was for £28m towards repaying the brought forward facilities;

- Facility B which is a revolving loan facility of £4m for general corporate purposes, of which none has been utilised.

The interest payable on each facility is 2.5% + Sterling Over Night Index Average (SONIA).

During the year, the Company repaid £24 million of Facility A, £1 million of Facility B and £1 million of Facility C. The remaining balance of £28 million was refinanced in March 2023, with Standard Chartered Bank.

***Secured Debt***

The Company had availed a loan from the consortium comprising of Barclays Bank PLC and Standard Chartered Bank in September 2016. This loan agreement had been renewed in August 2021. As a part of the original and renewed loan agreement, a fixed and floating charge has been created on the real property, including St James Court, Buckingham Gate, London, SW1E 6AF. Floating charges covers all the property or undertaking of the company. Further the company has re-registered the charge in August 2021. After the repayment of £26 million during the year, the loan is now due only to Standard Chartered Bank.

## 19 Financial Instruments

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Financial assets that are debt instruments measured at amortised cost | 5,103,741 | 2,860,523 |
| | 5,103,741 | 2,860,523 |

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Financial liabilities measured at amortised cost | (32,561,689) | (56,940,286) |
| | (32,561,689) | (56,940,286) |

## 20 Deferred Taxation

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| At beginning of year | 10,906,101 | 7,980,438 |
| Credited/(charged) to the profit or loss | (1,557,355) | 2,925,663 |
| | 9,348,746 | 10,906,101 |

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Accelerated capital allowances | 414,429 | 665,512 |
| Short term timing differences | 50,486 | 44,984 |
| Tax losses carried forward | 8,883,831 | 10,195,605 |
| | 9,348,746 | 10,906,101 |

A deferred tax asset has been recognised for the anticipated utilisation of tax losses in the future financial years, as the directors believe it is more likely than not that sufficient taxable profits will be generated.

# Notes to the Financial Statements

for the Year Ended March 31, 2023 (Continued)

## 21 Pension and Other Schemes

### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £198,560 (2022: £182,434).

## 22 Share Capital

### Allotted, Called Up and Fully Paid Shares

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 67,777,912 | 67,777,912 | 56,527,912 | 56,527,912 |

### New Shares Allotted

During the year 11,250,000 Ordinary shares of nominal value of £1 each were issued at a price of £2 per Ordinary share resulting in a share premium of £11,250,000. The shares have an aggregate nominal value of £11,250,000 and were allotted for an aggregate consideration of £22,500,000.

## 23 Reserves

### Share Premium Account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

### Profit and Loss Account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

## 24 Commitments

### Capital Commitments

At March 31, 2023 the total amount contracted for but not provided in the financial statements was £641,697 (2022: £162,340).

## 25 Commitments Under Operating Leases

### Operating Leases

At March 31, 2023 the company had future minimum lease payments due under non-cancellable operating leases as follows:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Not later than one year | 864,495 | 878,070 |
| Later than one year and not later than five years | 3,402,147 | 3,416,642 |
| Later than five years | 74,941,666 | 75,791,666 |
| | 79,208,308 | 80,086,378 |

# Notes to the Financial Statements
for the Year Ended March 31, 2023 (Continued)

## 26 Related Party Transactions

The following entities are related parties of the Company by virtue of being under the control of The Indian Hotels Company Limited.

The Company charged £117,922 (2022: £64,000) in respect of rent and £31,738 (2022: £35,289) in respect of utilities to Taj International Hotels Limited. Taj International Hotels Limited recharged salary and related costs of £Nil (2022: £58,669) and sold goods of £297,754 (2022: £157,489) to the Company.

The Indian Hotels Company Limited charged the Company £487,588 (2022: £139,805) for expenses it incurred on behalf of the Company, £1,297,326 (2022: £591,917) in management fees. The Company also charged £735,047 (2022: charged £113,903) in respect of incentive fees. The Company during the year recovered costs of £358,579 (2022: £279,889) which it incurred on behalf of The Indian Hotels Company Limited. The Company charged £3,600 (2022: £20,250) as The Chambers membership fees from The Indian Hotels Company Limited.

During the year ended March 31, 2023, the Company repaid the entire short term loan of £447,000 to IHOCO BV. Against this loan the Company had incurred an interest expense of £3,150 (2022: £10,279).

During the year ended March 31, 2023, the Company repaid the entire short term loan of £53,000 to OHL International (H.K.) Limited, a company registered in Hong Kong. Against this loan the Company had incurred an interest expense of £377 (2022: £1,219).

The Directors remuneration for the current year includes amounts paid to Manchan Limited, a company controlled by a director.

| **The company had the following balances with other related parties:** | **2023**<br>**£** | **2022**<br>**£** |
|---|---|---|
| Amount due to Taj International Hotels Limited | (21,263) | (12,400) |
| Amount due to The Indian Hotels Company Limited | (246,536) | (110,614) |
| Amount due from The Taj Trade and Transport Limited | 1,896 | 1,896 |
| Amount due to OHL International (HK) Ltd | - | (54,219) |
| Amount due to IHOCO BV | - | (457,279) |
| Amount due from Taj GVK Limited | 8,479 | 8,479 |

## 27 Controlling party

The immediate parent undertaking of the company is IHOCO B.V, a company incorporated in Netherlands. The ultimate parent undertaking and the ultimate controlling party is the Indian Hotels Company Limited, incorporated in India. The financial statements of The Indian Hotels Company Limited are available from:

Mandlik House,
Mandlik Road,
Mumbai 400 001,
India.

## 28 Post balance sheet events

There have been no significant events affecting the company since the year end.

# Independent Auditor’s Report

To the Shareholder of Good Hope Palace Hotels Proprietary Limited

## Opinion

We have audited the annual financial statements of Good Hope Palace Hotels Proprietary Limited (the Company) set out on pages 904 to 935, which comprise the statement of financial position as at March 31, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Good Hope Palace Hotels Proprietary Limited as at March 31, 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 of South Africa.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Good Hope Palace Hotels Proprietary Limited annual financial statements for the year ended March 31, 2023”, which includes the Directors’ Report as required by the Companies Act, 71 of 2008 of South Africa. The other information does not include the annual financial statements and our auditor’s report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report (Continued)

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

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**JENNIFER REDDY**
Chief Executive Officer
Chartered Accountants (SA)
Registered Auditors

14 April 2023
Pietermaritzburg

# Statement of Financial Position

as at March 31, 2023

Figures in Rand

| | Note(s) | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 2 | 278,001,748 | 260,796,761 |
| Right-of-use assets | 3 | 2,582,906 | 5,682,406 |
| Intangible assets | 4 | 122,464 | 128,437 |
| Deferred tax | 5 | 2,124,831 | 2,040,112 |
| | | **282,831,949** | **268,647,716** |
| **Current Assets** | | | |
| Inventories | 6 | 7,724,706 | 21,857,367 |
| Trade and other receivables | 7 | 8,540,600 | 6,605,774 |
| Cash and cash equivalents | 8 | 14,767,259 | 3,481,119 |
| | | **31,032,565** | **31,944,260** |
| **Total Assets** | | **313,864,514** | **300,591,976** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 9 | 707,969,706 | 317,060,114 |
| Accumulated loss | | (758,755,728) | (714,808,699) |
| | | **(50,786,022)** | **(397,748,585)** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Loans from group companies | 10 | 341,753,357 | 314,014,855 |
| Borrowings | 11 | - | 348,672,470 |
| Lease liabilities | 12 | - | 2,987,064 |
| | | **341,753,357** | **665,674,389** |
| **Current Liabilities** | | | |
| Lease liabilities | 12 | 2,961,902 | 3,125,420 |
| Trade and other payables | 13 | 15,250,116 | 21,540,752 |
| Provisions | | 4,685,161 | - |
| Bank overdraft | 8 | - | 8,000,000 |
| | | **22,897,179** | **32,666,172** |
| **Total Liabilities** | | **364,650,536** | **698,340,561** |
| **Total Equity and Liabilities** | | **313,864,514** | **300,591,976** |

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended March 31, 2023

Figures in Rand

| | Note(s) | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Revenue | 14 | 132,306,736 | 51,062,901 |
| Cost of sales | 15 | (26,918,218) | (12,579,832) |
| **Gross profit** | | **105,388,518** | **38,483,069** |
| Other operating income | 16 | 270,889 | 8,582,860 |
| Other operating losses | | (98,239,682) | (61,076,358) |
| Impairment loss on trade receivables | | (11,726) | (197,766) |
| Foreign exchange gain/(loss) unrealised | | (52,100,986) | 6,015,957 |
| Foreign exchange gain/(loss) realised | | 5,773,690 | - |
| **Operating (loss)/profit** | 17 | **(38,919,297)** | **(8,192,238)** |
| Investment income | | 29,512 | 7,580 |
| Finance costs | 18 | (5,141,964) | (12,779,590) |
| **(Loss)/profit before taxation** | | **(44,031,749)** | **(20,964,248)** |
| Taxation | 19 | 84,720 | 2,040,112 |
| **Total comprehensive (loss)/income for the year** | | **(43,947,029)** | **(18,924,136)** |

# Statement of Changes in Equity
for the year ended March 31, 2023

Figures in Rand

| | Share capital | Accumulated loss | Total equity |
|---|---|---|---|
| **Balance at April 01, 2021** | **299,208,909** | **(695,884,563)** | **(396,675,654)** |
| Loss for the year | - | (18,924,136) | (18,924,136) |
| Other comprehensive income | - | - | - |
| **Total comprehensive Loss for the year** | **-** | **(18,924,136)** | **(18,924,136)** |
| Issue of shares | 17,851,205 | - | 17,851,205 |
| **Total contributions by or distributions to owners of company recognised directly in equity** | **17,851,205** | **-** | **17,851,205** |
| **Balance at April 01, 2022** | **317,060,114** | **(714,808,699)** | **(397,748,585)** |
| **Total comprehensive Loss for the year** | **-** | **(43,947,029)** | **(43,947,029)** |
| Issue of shares | 390,909,592 | - | 390,909,592 |
| **Total contributions by or distributions to owners of company recognised directly in equity** | **390,909,592** | **-** | **390,909,592** |
| **Balance at March 31, 2023** | **707,969,706** | **(758,755,728)** | **(50,786,022)** |

Note(s) 9

# Statement of Cash Flows

for the year ended March 31, 2023

Figures in Rand

| | Note(s) | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from/(used in) operations | 20 | 13,911,914 | 863,106 |
| Interest income | | 29,512 | 7,580 |
| Finance costs | | (4,300,485) | (12,841,831) |
| **Net cash from operating activities** | | **9,640,941** | **(11,971,145)** |
| **Cash flows from investing activities** | | | |
| Purchase and reclassification of property, plant and equipment | 2 | (10,593,677) | (2,064,057) |
| **Net cash from investing activities** | | **(10,593,677)** | **(2,064,057)** |
| **Cash flows from financing activities** | | | |
| Proceeds on issue of share capital | 9 | 390,909,592 | 17,851,205 |
| Movement in other long-term liabilities | | 2,448,917 | - |
| Repayments of borrowings | 11 | (369,588,000) | 3,000,000 |
| Cash repayments on lease liabilities | | (3,531,633) | (3,568,425) |
| **Net cash from financing activities** | | **20,238,876** | **17,282,780** |
| **Total cash movement for the year** | | **19,286,140** | **3,247,578** |
| Cash and cash equivalents at the beginning of the year | | (4,518,881) | (7,766,459) |
| **Cash and cash equivalents at the end of the year** | 8 | **14,767,259** | **(4,518,881)** |

# Notes to Financial Statements

for the year ended March 31, 2023

## Accounting Policies

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

### 1.1 Basis of Preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 71 of 2008 of South Africa as amended.

These accounting policies are consistent with the previous period.

### 1.2 Significant Judgements and Sources of Estimation Uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Critical Judgements in Applying Accounting Policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### Key Sources of Estimation Uncertainty

##### Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

##### Impairment Testing

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### Useful Lives of Property, Plant and Equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

# Notes to Financial Statements
for the year ended March 31, 2023

## 1.3 Property, Plant and Equipment

### Recognition and Measurement

Property, plant and equipment is subsequently stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Upon initial recognition assets are recognised at cost subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire property, plant and equipment and capitalised borrowing costs, are also included in cost.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on the disposal of property, plant and equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

The assets' residual values, if not insignificant, and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful live to their estimated residual value.

### Subsequent Costs

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits embodied with the item will flow to the Company and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The useful lives of items of property, plant and equipment have been assessed as follows:

(₹)

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight-line | 65 years |
| Plant and machinery | Straight-line | 12-20 years |
| Furniture and fixtures | Straight-line | 6 years |
| Office furniture and equipment | Straight-line | 6 years |
| Hotel operating equipment | Straight-line | 2-3 years |
| IT equipment | Straight-line | 4 years |
| Artwork | Straight-line | 20 years |
| Audio and video | Straight-line | 6 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

# Notes to Financial Statements
for the year ended March 31, 2023

Assets which the Company holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available for sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

## 1.4 Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Computer software, other | Straight-line | 3 years |

## 1.5 Financial Instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 23 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

### Trade and Other Receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

# Notes to Financial Statements
for the year ended March 31, 2023

**Recognition and Measurement**

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment**

The Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

**Measurement and Recognition of Expected Credit Losses**

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

**Write Off Policy**

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Credit Risk**

Details of credit risk are included in the trade and other receivables note (note 7) and the financial instruments and risk management note (note 23).

### Borrowings and loans from related parties

**Classification**

Loans from group companies (note 10), and borrowings (note 11) are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and Measurement**

Borrowings and loans from related parties are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 18.)

Borrowings expose the Company to liquidity risk and interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

### Trade and Other Payables

#### Classification

Trade and other payables (note 13), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and Measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 18).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

### Cash and Cash Equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

### Derecognition

#### Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# Notes to Financial Statements
for the year ended March 31, 2023

## 1.6 Tax

### Current Tax Assets and Liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred Tax Assets and Liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.7 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

# Notes to Financial Statements
for the year ended March 31, 2023

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

### Company as Lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense (note 17) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand alone prices of the lease components and the aggregate stand alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Company is a lessee are presented in note 12 Leases (company as lessee).

### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 18).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;

# Notes to Financial Statements

for the year ended March 31, 2023

- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use Assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

## 1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any

# Notes to Financial Statements
for the year ended March 31, 2023

write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a “right to returned goods asset” which represents the Company right to recover products from customers where customers exercise their right of return under the Company returns policy. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

## 1.9 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as ‘share capital’ in equity. Any amounts received from the issue of shares in excess of par value is classified as ‘share premium’ in equity. Dividends are recognised as a liability in the Company in which they are declared.

## 1.10 Employee Benefits

### Short-term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## 1.11 Provisions and Contingencies

### Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

## 1.12 Revenue

### Revenue from contracts with customers

Revenue is income arising in the course of an entity’s ordinary activities.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party’s rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

# Notes to Financial Statements
for the year ended March 31, 2023

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

### Sale of Goods

Revenue is recognised on a contract by contract basis.

The performance obligation of the entity is the delivery of goods to the customer. The entity's revenue is derived from selling goods. Revenue recognition is deferred to the point when control transfers to the customer.

There is no variable consideration and is therefore not part of the contract.

### Rendering of Services

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer. Revenue is recognised on a contract by contract basis.

The performance obligation of the entity is the delivery of services to the customer. The entity's revenue is derived from providing accommodation and other services. Revenue recognition occurs when the performance obligation to the customer is satisfied.

## 1.13 Finance Income and Finance Costs

The Company's finance income and finance costs include:

- interest income;
- interest expense, and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset when the asset is not credit impaired or to the amortised cost of the liability. However, the financial assets that have become credit impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

## 1.14 Translation of foreign currencies

### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non- monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented with finance costs.

# Notes to Financial Statements
for the year ended March 31, 2023

## 2. Property, Plant and Equipment

Figures in Rand

| | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Land | 24,738,306 | - | 24,738,306 | 24,738,306 | - | 24,738,306 |
| Buildings | 298,422,835 | (80,392,460) | 218,030,375 | 280,097,279 | (76,708,565) | 203,388,714 |
| Plant and machinery | 81,139,838 | (58,098,197) | 23,041,641 | 80,075,842 | (53,874,532) | 26,201,310 |
| Furniture and fixtures | 41,698,008 | (33,419,781) | 8,278,227 | 38,052,625 | (34,089,452) | 3,963,173 |
| Office furniture and equipment | 1,005,878 | (1,002,131) | 3,747 | 1,059,069 | (1,054,180) | 4,889 |
| Hotel operating equipment | 11,500,925 | (9,789,491) | 1,711,434 | 10,264,387 | (9,634,081) | 630,306 |
| IT equipment | 4,101,068 | (3,504,076) | 596,992 | 4,566,570 | (4,268,014) | 298,556 |
| Artwork | 3,208,898 | (2,103,381) | 1,105,517 | 3,208,898 | (1,942,936) | 1,265,962 |
| Audio and video | 5,909,886 | (5,547,454) | 362,432 | 7,835,774 | (7,530,229) | 305,545 |
| Capital work-in-progress | 133,077 | - | 133,077 | - | - | - |
| **Total** | **471,858,719** | **(193,856,971)** | **278,001,748** | **449,898,750** | **(189,101,989)** | **260,796,761** |

### Reconciliation of Property, Plant and Equipment – March 31, 2023

Figures in Rand

| | Opening balance | Additions | Reclassifications | Disposals | Depreciation | Total |
|---|---|---|---|---|---|---|
| Land | 24,738,306 | - | - | - | - | 24,738,306 |
| Buildings | 203,388,714 | 2,265,602 | 16,059,954 | - | (3,683,895) | 218,030,375 |
| Plant and machinery | 26,201,310 | 82,719 | - | - | (3,242,388) | 23,041,641 |
| Furniture and fixtures | 3,963,173 | 6,393,376 | - | (754,201) | (1,324,121) | 8,278,227 |
| Office furniture and equipment | 4,889 | - | - | - | (1,142) | 3,747 |
| Hotel operating equipment | 630,306 | 1,284,461 | - | (2,221) | (201,112) | 1,711,434 |
| IT equipment | 298,556 | 540,154 | - | (1,399) | (240,319) | 596,992 |
| Artwork | 1,265,962 | - | - | - | (160,445) | 1,105,517 |
| Audio and video | 305,545 | 133,275 | - | (5,930) | (70,458) | 362,432 |
| Capital work-in-progress | - | 133,077 | - | - | - | 133,077 |
| **Total** | **260,796,761** | **10,832,664** | **16,059,954** | **(763,751)** | **(8,923,880)** | **278,001,748** |

### Reconciliation of Property, Plant and Equipment – March 31, 2022

Figures in Rand

| | Opening balance | Additions | Transfers | Depreciation | Total |
|---|---|---|---|---|---|
| Land | 24,738,306 | - | - | - | 24,738,306 |
| Buildings | 206,963,117 | - | - | (3,574,403) | 203,388,714 |
| Plant and machinery | 30,589,501 | - | 512 | (4,388,703) | 26,201,310 |
| Furniture and fixtures | 3,445,878 | 1,471,697 | - | (954,402) | 3,963,173 |
| Office furniture and equipment | 11,282 | - | - | (6,393) | 4,889 |
| Hotel operating equipment | 1,125,135 | 80,897 | (305,720) | (270,006) | 630,306 |
| IT equipment | 422,415 | 97,764 | - | (221,623) | 298,556 |
| Artwork | 1,426,407 | - | - | (160,445) | 1,265,962 |
| Audio and video | 53,561 | 292,529 | - | (40,545) | 305,545 |
| Capital work-in-progress | 6,942 | - | (6,942) | - | - |
| **Total** | **268,782,544** | **1,942,887** | **(312,150)** | **(9,616,520)** | **260,796,761** |

# Notes to Financial Statements
for the year ended March 31, 2023

The land relates to Interest of section 150 (previously section 100) in Erf 169470 registered in the township of Cape Town with Title Deed Number ST8233/2013 forming part of a sectional title scheme known long-term as "Taj Cape Town" with Sectional Plan Number D235/2012. The property, plant and equipment are held as security for the loan. See note 11.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

## 3. Right-of-use Assets

| | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Leasehold building | 13,123,286 | (10,540,380) | 2,582,906 | 13,123,286 | (7,440,880) | 5,682,406 |

### Reconciliation of Right-of-use Assets – March 31, 2023

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Leasehold building | 5,682,406 | (3,099,500) | 2,582,906 |

### Reconciliation of Right-of-use Assets – March 31, 2022

| | Opening balance | Transfers | Depreciation | Total |
|---|---|---|---|---|
| CCTV Cameras | 125,976 | (512) | (125,464) | - |
| Leasehold building | 8,348,468 | - | (2,666,062) | 5,682,406 |
| | **8,474,444** | **(512)** | **(2,791,526)** | **5,682,406** |

The Company has one lease, as detailed below:

The lease is for a portion of a floor in the adjacent building, as well as 10 specifically identifiable parking bays for the exclusive use of the Company. The lease expires in January 2024, and the Company does not intend to extend the lease by the renewal period.

## 4. Intangible Assets

| | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost/Valuation | Accumulated amortisation | Carrying value | Cost/Valuation | Accumulated amortisation | Carrying value |
| Computer software | 3,229,877 | (3,107,413) | 122,464 | 3,615,893 | (3,487,456) | 128,437 |

### Reconciliation of Intangible Assets – March 31, 2023

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Computer software | 128,437 | 169,416 | (175,389) | 122,464 |

### Reconciliation of Intangible Assets – March 31, 2022

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software | 347,426 | (218,989) | 128,437 |

# Notes to Financial Statements
for the year ended March 31, 2023

## 5. Deferred Tax

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax liability** | | |
| Prepaid expenses | (179,852) | (72,218) |
| Lease | (140,036) | (27,921) |
| Intangible assets | (22,739) | - |
| **Total deferred tax liability** | **(342,627)** | **(100,139)** |
| **Deferred tax asset** | | |
| Provisions | 1,264,994 | 184,375 |
| Bad debt provision | 526,981 | 544,036 |
| Income received in advance | 675,483 | 1,411,840 |
| Deferred tax balance from temporary differences other than unused tax losses | **2,467,458** | **2,140,251** |
| **Total deferred tax asset** | **2,467,458** | **2,140,251** |

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Deferred tax liability | (342,627) | (100,139) |
| Deferred tax asset | 2,467,458 | 2,140,251 |
| **Total net deferred tax asset** | **2,124,831** | **2,040,112** |
| **Reconciliation of deferred tax asset/(liability)** | | |
| At beginning of year | 2,040,112 | - |
| Taxable/(deductible) temporary difference on Income received in advance | (736,357) | 1,411,840 |
| Taxable/(deductible) temporary difference on prepaid expense | (151,931) | (27,921) |
| Taxable/(deductible) temporary difference movement on right-of-use assets | (836,865) | - |
| Taxable/(deductible) temporary difference on lease | 871,931 | (72,218) |
| Taxable/(deductible) temporary difference on provisions | 1,246,557 | 184,375 |
| Taxable/(deductible) temporary difference on doubtful debt provision | (205,732) | 544,036 |
| Taxable/(deductible) temporary difference on interest paid | (102,884) | - |
| | **2,124,831** | **2,040,112** |
| **Change in tax rate** | | |

The corporate tax rate was changed from 28% to 27% and considered substantively enacted on March 31, 2023. The new rate is effective for tax years ending March 31, 2023. The deferred tax balance has been calculated by applying the new rate, taking the expected timing of reversal of deferred tax components into consideration.

## 6. Inventories

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Food and beverage | 2,780,606 | 3,078,589 |
| Other supplies | 3,738,113 | 1,721,877 |
| Health Center supplies | 1,205,987 | 996,947 |
| Apartments held for sale | - | 16,059,954 |
| | **7,724,706** | **21,857,367** |

# Notes to Financial Statements
for the year ended March 31, 2023

## 7. Trade and Other Receivables

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Financial instruments:** | | |
| Trade receivables | 6,288,579 | 5,117,118 |
| Loss allowance | (2,602,374) | (2,590,648) |
| Trade receivables at amortised cost | 3,686,205 | 2,526,470 |
| Other receivables | 2,997,735 | 3,663,326 |
| IHMS Hotels (SA) Proprietary Limited | 40,000 | 25,000 |
| VAT | 1,150,542 | - |
| **Non-financial instruments:** | | |
| Prepayments | 666,118 | 390,978 |
| **Total trade and other receivables** | **8,540,600** | **6,605,774** |
| **Financial instrument and non-financial instrument components of trade and other receivables** | | |
| Financial instruments at amortised cost | 7,874,482 | 6,214,796 |
| Non-financial instruments | 666,118 | 390,978 |
| | **8,540,600** | **6,605,774** |

### Exposure to Credit Risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

| | March 31, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2022 |
|---|---|---|---|---|
| | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| **Expected credit loss rate:** | | | | |
| Less than 30 days past due: 28% (2022: 28%) | 1,747,216 | - | 951,772 | - |
| 31-60 days past due: 12% (2022: 10%) | 752,258 | - | 560,579 | - |
| 61-90 days past due: 60% (2022: 62%) | 3,789,105 | (2,602,374) | 5,093,443 | (2,590,648) |
| **Total** | **6,288,579** | **(2,602,374)** | **6,605,794** | **(2,590,648)** |

# Notes to Financial Statements
for the year ended March 31, 2023

## 8. Cash and Cash Equivalents

**Cash and Cash Equivalents consist of:**

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 21,114 | 25,348 |
| Bank balances | 14,653,841 | 3,425,588 |
| Cash float | 47,300 | - |
| Petty cash | 45,004 | 30,183 |
| Bank overdraft | - | (8,000,000) |
| | **14,767,259** | **(4,518,881)** |
| Current assets | 14,767,259 | 3,481,119 |
| Current liabilities | - | (8,000,000) |
| | **14,767,259** | **(4,518,881)** |

**Revolving credit facility details**

| | |
|---|---|
| Beneficiary | Good Hope Palace Hotels Proprietary Ltd. |
| Facility type | Revolving Term Facility Loan |
| Bank approval facility amount | R11 000 000 |
| Actual drawdown amount | R nil |
| SCB indicated interest rate | All in rate 10.50% |

## 9. Share Capital

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised** | | |
| 1 000 000 000 Ordinary shares of no par value | 1,000,000,000 | 500,000,000 |

The authorised share capital was increased to 100 000 000 ordinary shares during the year under review.

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reconciliation of number of shares issued:** | | |
| Reported as at April 01, 2022 | 317,060,114 | 299,208,909 |
| Issue of shares – ordinary shares | 390,909,592 | 17,851,205 |
| | **707,969,706** | **317,060,114** |
| **Issued** | | |
| **Ordinary shares of no par value** | **707,969,706** | **317,060,114** |

During the year under review the Company issued ordinary shares of 390,909,592 of no par value to IHOCO BV.

# Notes to Financial Statements
for the year ended March 31, 2023

## 10. Loans from Group Companies

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| IHMS Hotels (SA) Proprietary Limited<br>The loan is unsecured, interest free and the shareholder has undertaken to provide ongoing financial support. | (163,468,610) | (163,468,610) |
| Taj International Hotels (H.K.) Limited<br>The loan is unsecured, interest free and denominated in US$8 778 047 and ZAR22 122 910. The maturity of the loan is April 01, 2026. | (178,284,747) | (150,546,245) |
| | **(341,753,357)** | **(314,014,855)** |

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Roll forward of loan from group companies: IHMS Hotels (SA) Proprietary Limited** | | |
| Opening balance | (163,468,610) | (163,468,610) |
| **Roll forward of loans from group companies: Taj International (H.K.) Limited** | | |
| Opening balance | (150,546,245) | (152,158,836) |
| Foreign exchange gain/(loss) | (27,738,502) | 1,612,591 |
| | **(178,284,747)** | **(150,546,245)** |

## 11. Borrowings

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Held at amortised cost** | | |
| Standard Chartered Bank<br>The amount outstanding was US$24 000 000. Interest was calculated half yearly. The loan was repaid on July 01, 2023. | - | 351,121,387 |
| Debt rising fee | - | (2,448,917) |
| | **-** | **348,672,470** |
| **Split between non-current and current portions** | | |
| Non-current liabilities | - | 348,672,470 |
| Roll forward of loans from bank | | |
| Opening balance | 351,121,387 | 355,530,364 |
| Exchange (gain)/loss | 18,466,613 | (4,408,977) |
| Repayment | (369,588,000) | - |
| | **-** | **351,121,387** |

# Notes to Financial Statements
for the year ended March 31, 2023

## 12. Lease Liabilities

Refer to note 3 for a description of the lease held and the associated right-of use asset.

### Lease Liabilities

The maturity analysis of lease liabilities is as follows:

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within one year | 2,961,902 | 3,125,420 |
| One to two years | - | 2,987,064 |
| | **2,961,902** | **6,112,484** |
| Non-current liabilities | - | 2,987,064 |
| Current liabilities | 2,961,902 | 3,125,420 |
| | **2,961,902** | **6,112,484** |
| **Roll forward of lease liabilities** | | |
| Opening balance | 6,112,484 | 9,011,071 |
| Repayments | (3,531,634) | (3,568,425) |
| Interest | 381,052 | 669,838 |
| | **2,961,902** | **6,112,484** |

It is company policy to lease certain buildings.

The average lease term is 10 years and the average effective borrowing rate is 9.25% (2022: 9.25%).

## 13. Trade and Other Payables

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Financial instruments:** | | |
| Trade payables | 9,056,810 | 12,213,156 |
| Accrued expense | 3,659,658 | 2,692,060 |
| Interest accrued but not yet due | - | 1,593,251 |
| Due to IHCL | 31,859 | - |
| **Non-financial instruments:** | | |
| Amounts received in advance | 2,501,789 | 5,042,285 |
| | **15,250,116** | **21,540,752** |
| **Financial instrument and non-financial instrument components of trade and other payables** | | |
| At amortised cost | 12,748,327 | 16,498,466 |
| Non-financial instruments | 2,501,789 | 5,042,285 |
| | **15,250,116** | **21,540,751** |

Trade and other payables classified as financial liabilities are measured at amortised cost and their carrying amount approximates their fair value. The average credit period is 30 days. No interest is charged on trade payables for the first 30 days from the date of the invoice. The Company has financial risk management in place to ensure that all payables are paid within the credit timeframe.

# Notes to Financial Statements

for the year ended March 31, 2023

## 14. Revenue

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Rendering of services over time | 103,437,982 | 39,393,203 |
| Sale of goods at a point in time | 28,868,754 | 11,669,698 |
| | **132,306,736** | **51,062,901** |

### Disaggregation of revenue from contracts with customers

The Company disaggregates revenue from customers as follows:

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Revenue split** | | |
| Room income | 94,005,823 | 34,780,334 |
| Banqueting room hire | 1,294,949 | 469,405 |
| Banqueting equipment hire | 915,688 | 273,397 |
| Health club | 4,397,919 | 3,383,017 |
| Guest dry cleaning/Laundry | 704,716 | 189,300 |
| Transport | 972,489 | 227,684 |
| Other income | 1,146,398 | 70,065 |
| Food and beverage income | 28,868,754 | 11,669,699 |
| **Total revenue from contracts with customers in South Africa** | **132,306,736** | **51,062,901** |
| **Foreign exchange gain unrealised** | | |
| Foreign exchange gain | - | 6,015,957 |

## 15. Cost of Sales

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of food | 13,628,498 | 4,398,911 |
| Sale of beverages | 2,214,896 | 627,582 |
| Other | 11,074,824 | 7,553,339 |
| | **26,918,218** | **12,579,832** |

## 16. Other Operating Income

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Commissions received on forex | 31,902 | 8,279 |
| Parking | - | 644,862 |
| Insurance claim | - | 7,929,719 |
| Profit on disposal of fixed asset | 238,987 | - |
| | **270,889** | **8,582,860** |

# Notes to Financial Statements
for the year ended March 31, 2023

## 17. Operating Profit (Loss)

Operating (loss)/profit for the year is stated after charging (crediting) the following, amongst others:

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Auditor's remuneration - external** | | |
| Audit fees | 172,800 | 181,000 |
| **Employee costs** | | |
| Salaries, wages, bonuses and other benefits | 38,841,602 | 24,794,757 |
| **Depreciation and amortisation** | | |
| Depreciation of right-of-use assets | 3,099,500 | 2,791,525 |
| Depreciation of property, plant and equipment | 8,923,880 | 9,616,520 |
| Amortisation of intangible assets | 175,389 | 218,989 |
| **Total depreciation and amortisation** | **12,198,769** | **12,627,034** |
| **Other** | | |
| Other operating costs | 13,850,307 | 3,827,305 |
| Repairs and maintenance | 4,259,870 | 2,660,755 |
| Advertising and publicity | 3,396,028 | 1,502,356 |
| Travel agent commission | 7,097,015 | 2,158,242 |
| Credit card commission | 2,118,263 | 765,432 |
| Insurance | 695,094 | 741,306 |
| Municipal taxes | 2,290,647 | 2,629,483 |
| Professional fees | 2,079,407 | 1,800,567 |
| Power and fuel | 9,636,288 | 6,479,119 |
| Printing and stationery | 896,039 | 361,137 |
| TV channel subscription | 689,811 | 547,863 |
| | **47,008,769** | **23,473,565** |

## 18. Finance Costs

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease liabilities | 381,051 | 669,838 |
| Interest on third party borrowings | 4,760,913 | 12,109,752 |
| **Total finance costs** | **5,141,964** | **12,779,590** |

# Notes to Financial Statements
for the year ended March 31, 2023

## 19. Taxation

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Major components of the tax income** | | |
| **Deferred** | | |
| Income received in advance | (675,483) | (1,411,840) |
| Intangible assets | 22,739 | - |
| Prepaid expenses | 179,852 | 72,218 |
| Lease | 140,036 | 27,921 |
| Provisions | (1,264,994) | (184,375) |
| Bad debt provision | (526,981) | (544,036) |
| | **(2,124,831)** | **(2,040,112)** |
| **Reconciliation of the tax expense** | | |
| Reconciliation between accounting profit and tax expense. | | |
| Accounting loss | (44,031,749) | (20,964,248) |
| Tax at the applicable tax rate of 27% (2022: 28%) | (11,888,572) | (5,869,989) |
| **Tax effect of adjustments on taxable income** | | |
| Charitable donations income | 2,389 | 787 |
| Deferred tax effect income | 22,874 | 121,157 |
| Interest and penalties - SARS | 4,790 | - |
| Effect of tax loss brought forward | 9,733,688 | 3,707,933 |
| | **(2,124,831)** | **(2,040,112)** |

No provision has been made for 2023 tax year as the Company has no taxable income. The estimated tax loss available for set off against future taxable income is ₹ 934 998 366 (2022: ₹ 730,868,485).

## 20. Cash Generated from Operations

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before taxation | (44,031,749) | (20,964,248) |
| **Adjustments for non-cash items:** | | |
| Depreciation and amortisation | 12,198,769 | 12,627,034 |
| Gains on sale of assets and liabilities | (238,987) | - |
| Losses/(gains) on exchange differences | 46,327,296 | (6,015,957) |
| Provision for bad debt | 11,726 | - |
| **Adjust for items which are presented separately:** | | |
| Interest income | (29,512) | (7,580) |
| Finance costs | 5,141,964 | 12,779,590 |
| **Changes in working capital:** | | |
| (Increase)/decrease in inventories | (1,927,293) | (798,157) |
| (Increase)/decrease in trade and other receivables | (1,934,825) | (2,928,818) |
| Increase/(decrease) in trade and other payables | (1,605,475) | 6,171,242 |
| | **13,911,914** | **863,106** |

# Notes to Financial Statements

for the year ended March 31, 2023

## 21. Related Parties

**Relationships**

| | |
|---|---|
| Holding company | IHOCO B.V. |
| Ultimate holding company | The Indian Hotels Company Limited (IHCL) |
| Fellow subsidiaries | Taj International Hotels (H.K.) Limited<br>IHMS Hotels (SA) Proprietary Limited |
| Directors | Nagarajan Chandrasekhar<br>Puneet Chhatwal<br>Mark James Wernich<br>Johannes Jan Nico Oldenburger |

### Related Party Balances

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Amounts owing to related parties** | | |
| Taj International Hotels (H.K.) Limited | 178,284,747 | 150,546,245 |
| IHMS Hotels (SA) Proprietary Limited | 163,468,610 | 163,468,610 |
| The Indian Hotels Company Limited | 31,859 | 8,881 |
| **Amounts receivable from related parties** | | |
| IHMS Hotels (SA) Proprietary Limited | 40,000 | 25,000 |
| **Equity** | | |
| IHOCO B.V. | 390,909,592 | 17,851,205 |
| Transactions wtih IHCL during the year | 447,591 | 125,375 |

## 22. Directors' Emoluments

### Executive

Figures in Rand

| March 31, 2023 | Emoluments | Bonus | Professional fees | Total |
|---|---|---|---|---|
| **Services as director** | | | | |
| Nagarajan Chandrasekhar* | - | - | - | - |
| Puneet Chhatwal* | - | - | - | - |
| Mark James Wernich | 2,429,310 | 355,766 | - | 2,785,076 |
| Johannes Jan Nico Oldenburger | - | - | 1,234,969 | 1,234,969 |
| | **2,429,310** | **355,766** | **1,234,969** | **4,020,045** |

Figures in Rand

| March 31, 2022 | Emoluments | Professional fees | Total |
|---|---|---|---|
| **Directors' emoluments** | | | |
| **Services as director** | | | |
| Nagarajan Chandrasekhar* | - | - | - |
| Puneet Chhatwal* | - | - | - |
| R.H. Parekh* | - | - | - |
| Mark James Wernich | 1,986,153 | - | 1,986,153 |
| Johannes Jan Nico Oldenburger | - | 1,022,763 | 1,022,763 |
| | **1,986,153** | **1,022,763** | **3,008,916** |

# Notes to Financial Statements

for the year ended March 31, 2023

### Director – South African

Figures in Rand

| March 31, 2023 | Emoluments | Bonus | Total |
|---|---|---|---|
| **Directors' emoluments** | | | |
| **Services as director** | | | |
| Mark James Wernich | 2,429,310 | 355,766 | 2,785,076 |
| | **2,429,310** | **355,766** | **2,785,076** |

Figures in Rand

| March 31, 2022 | Emoluments | Total |
|---|---|---|
| **Directors' emoluments** | | |
| **Services as director** | | |
| Mark James Wernich | 1,986,153 | 1,986,153 |
| | **1,986,153** | **1,986,153** |

* Directors did not receive any remuneration from Good Hope Palace Hotels (Pty.) Ltd. for being a director, they are being paid a nil directors remuneration for services performed for this entity. These directors are remunerated at the parent level and none of their remuneration can be apportioned for this entity.

## 23. Financial Instruments and Risk Management

### Categories of Financial Instruments

#### Categories of Financial Assets

Figures in Rand

| March 31, 2023 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other receivables | 7 | 7,874,482 | 7,874,482 | - |
| Cash and cash equivalents | 8 | 14,767,259 | 14,767,259 | - |
| | | **22,641,741** | **22,641,741** | **-** |

Figures in Rand

| March 31, 2022 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other receivables | 7 | 6,214,796 | 6,214,796 | - |
| Cash and cash equivalents | 8 | 3,481,119 | 3,481,119 | - |
| | | **9,695,915** | **9,695,915** | **-** |

#### Categories of Financial Liabilities

Figures in Rand

| March 31, 2023 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 13 | 12,748,328 | 12,748,328 | - |
| Loans from group companies | 10 | 341,753,357 | 341,753,357 | - |
| Finance lease obligations | | 2,961,901 | 2,961,901 | - |
| | | **357,463,586** | **357,463,586** | **-** |

# Notes to Financial Statements
for the year ended March 31, 2023

Figures in Rand

| March 31, 2022 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 13 | 16,498,466 | 16,498,466 | - |
| Loans from group companies | 10 | 314,014,855 | 314,014,855 | - |
| Borrowings | 11 | 348,672,470 | 348,672,470 | - |
| Finance lease obligations | | 6,112,484 | 6,112,484 | - |
| Bank overdraft | 8 | 8,000,000 | 8,000,000 | - |
| | | **693,298,275** | **693,298,275** | **-** |

## Pre Tax Gains or Losses on Financial Instruments

### Gains or Losses on Financial Assets

Figures in Rand

| March 31, 2023 | Note(s) | Amortised cost | Total |
|---|---|---|---|
| **Recognised in profit or loss:** | | | |
| Interest income | | 29,512 | 29,512 |

Figures in Rand

| March 31, 2022 | Note(s) | Amortised cost | Total |
|---|---|---|---|
| Recognised in profit or loss: | | | |
| Interest income | | 7,580 | 7,580 |

### Gains or Losses on Financial Liabilities

Figures in Rand

| March 31, 2023 | Note(s) | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 18 | (4,760,913) | (381,051) | (5,141,964) |
| Gains/(losses) on foreign exchange | | 46,327,296 | - | 46,327,296 |
| **Net gains/(losses)** | | **41,566,383** | **(381,051)** | **41,185,332** |

Figures in Rand

| March 31, 2022 | Note(s) | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 18 | (12,109,752) | (669,838) | (12,779,590) |
| Gains/(losses) on foreign exchange | | 6,015,613 | - | 6,015,613 |
| **Net gains/(losses)** | | **(6,094,139)** | **(669,838)** | **(6,763,977)** |

# Notes to Financial Statements
for the year ended March 31, 2023

### Capital Risk Management

The Company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the Company at the reporting date was as follows:

Figures in Rand

| | Note(s) | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Loans from group companies | 10 | 341,753,357 | 314,014,855 |
| Borrowings | 11 | - | 348,672,470 |
| Lease liabilities | | 2,961,901 | 6,112,484 |
| Trade and other payables | 13 | 15,250,117 | 21,540,752 |
| **Total borrowings** | | **359,965,375** | **690,340,561** |
| (Cash and cash equivalents)/bank overdraft | 8 | (14,767,259) | 8,000,000 |
| **Net borrowings** | | **345,198,116** | **698,340,561** |
| Equity | | (50,786,022) | (378,824,449) |
| Gearing ratio | | (680)% | (184)% |

### Financial Risk Management

#### Overview

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a

# Notes to Financial Statements
for the year ended March 31, 2023

significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

Figures in Rand

| | | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost/ fair value | Gross carrying amount | Credit loss allowance | Amortised cost/ fair value |
| Trade and other receivables | 7 | 11,142,975 | (2,602,374) | 8,540,601 | 9,196,422 | (2,590,648) | 6,605,774 |
| Cash and cash equivalents | 8 | 14,767,259 | - | 14,767,259 | 3,481,119 | - | 3,481,119 |
| | | **25,910,234** | **(2,602,374)** | **23,307,860** | **12,677,541** | **(2,590,648)** | **10,086,893** |

### Liquidity Risk

The Company is exposed to liquidity risk, which is the risk that the Company will encounter difficulties in meeting its obligations as they become due.

The Company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

# Notes to Financial Statements
for the year ended March 31, 2023

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Figures in Rand

| March 31, 2023 | | Less than 1 year | 2 to 5 years | Total |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Loans from group companies | 10 | - | 341,753,357 | 341,753,357 |
| **Current liabilities** | | | | |
| Trade and other payables | | 12,748,328 | - | 12,748,328 |
| Lease liabilities | | 2,961,902 | - | 2,961,902 |
| | | **15,710,230** | **341,753,357** | **357,463,587** |

Figures in Rand

| March 31, 2022 | | Less than 1 year | 1 to 2 years | 2 to 5 years | Total |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Loans from group companies | 10 | - | - | 314,014,855 | 314,014,855 |
| Borrowings | 11 | - | - | 348,672,420 | 348,672,420 |
| Lease liabilities | | - | 2,987,065 | - | 2,987,065 |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | 16,498,467 | - | - | 16,498,467 |
| Lease liabilities | | 3,125,420 | - | - | 3,125,420 |
| Bank overdraft | 8 | 8,000,000 | - | - | 8,000,000 |
| | | **27,623,887** | **2,987,065** | **662,687,275** | **693,298,227** |

### Foreign currency risk

Management has set up a policy that requires group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognise assets and liabilities, entities in the Company use forward contracts, transacted with company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

# Notes to Financial Statements
for the year ended March 31, 2023

### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

**US Dollar exposure:**

Figures in Rand

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Non-current liabilities:** | | |
| Standard Chartered Bank<br>Long-term loan, USD 24 000 000 loan (2022: USD 24 000 000) | - | 351,121,387 |
| Taj International Hotels (H.K.) Limited<br>Long-term loan: USD 8 778 047 (2022: USD 8 778 047) | 156,161,836 | 128,423,335 |
| **Net US Dollar exposure** | **156,161,836** | **479,544,722** |
| **Exchange rates** | | |
| **Rand per unit of foreign currency:** | | |
| US Dollar | 17.790 | 14.630 |

### Foreign Currency Sensitivity Analysis

The following information presents the sensitivity of the Company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Figures in Rand

| Increase or decrease in rate | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Impact on profit or loss: | | | | |
| US Dollar 10% (2022: 10%) | 27,738,501 | (27,738,501) | 47,954,472 | (47,954,472) |

### Interest Rate Risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to interest rate risk. During 2023 and 2022, the Company's borrowings at variable rates were denominated in Dollars.

### Interest Rate Profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Figures in Rand

| | Note | Average effective interest rate | | Carrying amount | |
|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Assets** | | | | | |
| Cash and cash equivalents | 8 | -% | 0.24% | 14,767,259 | 3,481,119 |
| **Liabilities** | | | | | |
| Borrowings and bank overdraft | 11 | -% | 6.50% | - | 349,472,470 |

# Notes to Financial Statements
for the year ended March 31, 2023

**Interest Rate Sensitivity Analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At March 31, 2023, if the interest rate (JIBAR) had been 1.000% per annum (2022: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been ₹ 36,558 (2022: ₹ 3,459,913) lower and ₹ 36,559 (2022: ₹ 3,459,913) higher.

## 24. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Company made a loss (before tax) of R44,031,749 (2022: loss of R20 964 248). The loss is primarily due to unrealised loss from the re-statement of USD loans as at March 31, 2023.

As at March 31, 2023, the Company's total liabilities exceeded its total assets by R50,786,022 (2022: R397 748 585). The Company's current assets exceed current liabilities by R4,516,865, last year the current liabilities marginally exceeded current assets (2022. R721 912).

The holding company will provide adequate funds from time to time as may be required to fully meet GHPH's debt service and operational requirements to enable GHPH to operate with full functionality and also as a going concern for a period of at least 12 months from date of financial statements for the financial year 2022-23 or such extended period as may be required.

The term loan facility of USD 24 million from SCB PLC, was due for repayment by July 31, 2023.The same has been settled in full in the current financial year with the support of the Holding Company.

The Company is in a profit position before the valuation of USD loan from the group company, Taj International (Hongkong) Limited, which has decreased the profit by ₹ 27.74 million.

The forecasts prepared for the year ending March 31, 2024 indicate profitability.

Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## 25. Events After the Reporting Period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

## 26. New Standards and Interpretations

### 26.1 Standards and Interpretations Effective and Adopted in the Current Year

During the year under review the income tax rate changed from 28% to 27% and came into effect March 31, 2023.

# Independent Auditor's Report

To the Shareholders of IHMS Hotels (SA) Proprietary Limited

## Opinion

We have audited the annual financial statements of IHMS Hotels (SA) Proprietary Limited (the company) set out on pages 938 to 948, which comprise the statement of financial position as at March 31, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity for the year ended March 31, 2022 and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of IHMS Hotels (SA) Proprietary Limited as at March 31, 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "IHMS Hotels (SA) Proprietary Limited annual financial statements for the year ended March 31, 2023", which includes the Directors' Report as required by the Companies Act 71 of 2008 of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report (Continued)

## 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**Jennifer Reddy**
Chief Executive Officer

**Morar Incorporated**
Partner
Chartered Accountants (SA)
Registered Auditors

April 14, 2023
Pietermaritzburg

# Statement of Financial Position
as at March 31, 2023

R

| | Note(s) | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Loans to group companies | 2 | 163,468,610 | 163,468,610 |
| **Current Assets** | | | |
| Trade and other receivables | | - | 1 |
| Cash and cash equivalents | 13 | 2,209 | - |
| | | **2,209** | **1** |
| **Total Assets** | | **163,470,819** | **163,468,611** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 3 | 173,479,916 | 173,479,916 |
| Accumulated loss | | (10,049,277) | (10,036,694) |
| | | **163,430,639** | **163,443,222** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 4 | 40,180 | 25,180 |
| Bank overdraft | 13 | - | 209 |
| | | **40,180** | **25,389** |
| **Total Equity and Liabilities** | | **163,470,819** | **163,468,611** |

# Statement of Profit or Loss and Other Comprehensive Income
for the year ended March 31, 2023

| | | | R |
|---|---|---|---|
| | Note(s) | March 31, 2023 | March 31, 2022 |
| Bank charges | | (12,583) | (32,228) |
| **Total comprehensive loss for the year** | | **(12,583)** | **(32,228)** |

# Statement of Changes in Equity
for the year ended March 31, 2023

R

| | Share capital | Accumulated loss | Total equity |
|---|---|---|---|
| **Balance at April 01, 2021** | **173,479,916** | **(10,004,466)** | **163,475,450** |
| Loss for the year | - | (32,228) | (32,228) |
| Other comprehensive income | - | - | - |
| **Total comprehensive Loss for the year** | **-** | **(32,228)** | **(32,228)** |
| **Balance at April 01, 2022** | **173,479,916** | **(10,036,694)** | **163,443,222** |
| Loss for the year | - | (12,583) | (12,583) |
| Other comprehensive income | - | - | - |
| **Total comprehensive Loss for the year** | **-** | **(12,583)** | **(12,583)** |
| **Balance at March 31, 2023** | **173,479,916** | **(10,049,277)** | **163,430,639** |
| Note(s) | 3 | | |

# Statement of Cash Flows

for the year ended March 31, 2023

| | Note(s) | March 31, 2023<br>R | March 31, 2022<br>R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from/(used in) operations | 7 | 2,418 | (7,049) |
| **Total cash movement for the year** | | **2,418** | **(7,049)** |
| Cash at the beginning of the year | | (209) | 6,840 |
| **Total cash at end of the year** | **13** | **2,209** | **(209)** |

# Accounting Policies
for the year ended March 31, 2023

## 1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

### 1.1 Basis of Preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

### 1.2 Significant Judgements and Sources of Estimation Uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Critical Judgements in Applying Accounting Policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### Key Sources of Estimation Uncertainty

**Impairment of Financial Assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

### 1.3 Financial Instruments

#### Initial Recognition and Measurement

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

#### Loans to Group Company

**Classification**

Loans to group companies are with entities within the group. There is no expected loss relating to the loans to group companies.

#### Loans from Group Companies

**Recognition and Measurement**

Loans from group companies are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

# Accounting Policies (Contd.)

for the year ended March 31, 2023

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance charges. Loans from group companies expose the company details of risk exposure and to liquidity and interest rate risk.

## Trade and Other Payables

### Classification

Trade and other payables (note 4), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

### Recognition and Measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 10 for details of risk exposure and management thereof.

### Cash and Cash Equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

## Derecognition

### Financial Assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Financial Liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# Accounting Policies (Contd.)

for the year ended March 31, 2023

## 1.4 Tax

### Current Tax Assets and Liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred Tax Assets and Liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.5 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

## 1.6 Finance Income and Expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit and or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets.

# Notes to the Annual Financial Statements
for the year ended March 31, 2023

## 2. Loans to Group Companies

| | March 31, 2023 R | March 31, 2022 R |
|---|---|---|
| Good Hope Palace Hotels Proprietary Limited | 163,468,610 | 163,468,610 |
| The loan is unsecured, interest free and will not be called for repayment in the foreseeable future. | | |
| | **163,468,610** | **163,468,610** |
| **Split between non-current and current portions** | | |
| Non-current assets | 163,468,610 | 163,468,610 |

## 3. Share Capital

| | March 31, 2023 R | March 31, 2022 R |
|---|---|---|
| **Authorised** | | |
| 250,000,000 Ordinary shares of R1 each | 250,000,000 | 250,000,000 |
| **Issued** | | |
| Ordinary 173,479,916 shares of no par value | 173,479,916 | 173,479,916 |

## 4. Trade and Other Payables

| | March 31, 2023 R | March 31, 2022 R |
|---|---|---|
| Trade payables | 40,180 | 25,180 |
| No interest has been charged on trade payables. | | |

## 5. Operating Profit/(Loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

| | March 31, 2023 R | March 31, 2022 R |
|---|---|---|
| **Other** | | |
| Bank charges | 12,582 | 32,228 |

## 6. Taxation

### Major Components of the Tax Expense

No provision has been made for the 2023 tax year as the company has no taxable income. The company does not intend to recover any assessed loss in future as the entity is an investment holding company. The company has an accumulated assessed loss brought forward of R712 941 (2022: R700 359).

No deferred tax asset has been recognised on estimated accumulated tax losses as the company has been incurring losses in previous years and the likelihood of recovering the assessed loss is remote.

# Notes to the Annual Financial Statements (Contd.)
for the year ended March 31, 2023

## 7. Cash Generated from/(used in) Operations

R

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before taxation | (12,583) | (32,228) |
| **Changes in working capital:** | | |
| Trade and other receivables | 2 | (1) |
| Trade and other payables | 14,999 | 25,180 |
| | **2,418** | **(7,049)** |

## 8. Related Parties

| Relationships | |
|---|---|
| Holding company | IHOCO BV |
| Ultimate holding company | The Indian Hotels Company Limited |
| Fellow Subsidiary | Tata Africa Holdings (SA) Proprietary Limited<br>Good Hope Palace Hotels Proprietary Limited |
| Directors | Nagarajan Chandrasekhar<br>Puneet Chhatwal<br>Mark James Wernich<br>Johannes Jan Nico Oldenburger |

| Related Party Balances | 2023 | 2022 |
|---|---|---|
| **Amounts owing by related parties** | | |
| Good Hope Palace Proprietary Limited | 163,468,610 | 163,468,610 |

## 9. Directors' and Prescribed Officer's Remuneration

No emoluments were paid to the directors during this year. These directors are remunerated at the parent level and none of their remuneration can be apportioned for this entity.

## 10. Financial Instruments and Risk Management

### Categories of Financial Instruments

### Categories of Financial Assets

| March 31, 2023 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Loans to group companies | 2 | 163,468,610 | 163,468,610 | - |
| Cash and cash equivalents | 13 | 2,209 | 2,209 | - |
| | | **163,470,819** | **163,470,819** | **-** |

| March 31, 2022 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Loans to group companies | 2 | 163,468,610 | 163,468,610 | - |
| Trade and other receivables | | 1 | 1 | - |
| | | **163,468,611** | **163,468,611** | **-** |

# Notes to the Annual Financial Statements (Contd.)
for the year ended March 31, 2023

### Categories of Financial Labilities

| March 31, 2023 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 4 | 40,180 | 40,180 | - |

| March 31, 2022 | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 4 | 25,180 | 25,180 | - |
| Bank overdraft | 13 | 209 | 209 | - |
| | | **25,389** | **25,389** | **-** |

## Financial Risk Management

### Overview

The company's activities expose it to interest rate risk, credit risk and liquidity risk.

### Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

The maximum exposure to credit risk is presented in the table below:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loan to Group company | 163,468,610 | 163,468,610 |

### Liquidity Risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

### Interest Rate Risk

Significant exposure to interest rate risk arises from the overdraft facility.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

A sensitivity analysis was not performed as the exposure at the banks was considered immaterial.

# Notes to the Annual Financial Statements (Contd.)

for the year ended March 31, 2023

## 11. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company incurred a loss for the year ended March 31, 2023 of R12 582 (2022: R32 228) and as at that date, the company's total current liabilities exceeded its total current assets by R37 790 (2022: R25 388).

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

## 12. Events After the Reporting Period

No other material events or circumstances which require adjustment to, or disclosure in, these financial statements have occurred subsequent to year end and up to the date of signature of the financial statements.

## 13. Cash and Cash Equivalents

Cash and cash equivalents consist of:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Bank balances | 2,209 | - |
| Bank overdraft | - | (209) |
| | **2,209** | **(209)** |
| Current assets | 2,209 | - |
| Current liabilities | - | (209) |
| | **2,209** | **(209)** |

# Independent Auditor's Report

To the Members of Taj International Hotels Limited

## Opinion

We have audited the financial statements of Taj International Hotels Limited (the 'Company') for the year ended March 31, 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Directors' with respect to going concern are described in the relevant sections of this report.

## Other Information

The Directors are responsible for the other information contained in the Annual report. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Independent Auditor’s Report (Contd.)

## Opinion on other matter prescribed by the Companies Act, 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors’ Report has been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors’ Report.

We have nothing to report in respect of the following matters where the Companies Act, 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the Directors

As explained more fully in the Statement of Directors’ Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor 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 Auditors’ 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 ISAs (UK) 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.

# Independent Auditor's Report (Contd.)

### The extent to which the Audit is capable of detecting irregularities, including fraud is detailed below:

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud and error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. The primary responsibility for prevention and detection of fraud rests with both those charged with governance of the entity and management.

Based on our understanding of the Company and the industry, discussions with the management, we identified Companies Act, 2006, Financial Reporting Standard 102 and UK taxation and legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with the laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Minutes of the meetings conducted by the Board of Directors;
- enquiry of management of legal matters in the year and use of legal firms thereof;
- evaluation of the selection and application of accounting and policies related to subjective measurements and complex transactions;
- analytical procedures to verify unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The potential effects of inherent limitations are particularly significant in case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes to conceal it, including deliberate failure to record transactions, collusion or internal misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

# Independent Auditor's Report (Contd.)

## Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act, 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Amanjit Singh FCA** (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

April 14, 2023

# Statement of Comprehensive Income

for the Year Ended March 31, 2023

| | Note | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|---|
| Turnover | 4 | 5,565,322 | 3,845,883 |
| Cost of sales | | (3,801,997) | (3,078,599) |
| **Gross profit** | | **1,763,325** | **767,284** |
| Administrative expenses | | (1,529,145) | (1,192,339) |
| Other operating income | 5 | - | 250,777 |
| **Operating profit/(loss)** | 6 | **234,180** | **(174,278)** |
| Interest receivable and similar income | 7 | 1,699 | 20 |
| Interest payable and similar expenses | 8 | (11,251) | (8,131) |
| **Profit/(loss) before tax** | | **224,628** | **(182,389)** |
| Tax on profit/(loss) | 11 | (45,436) | 6,681 |
| **Profit/(loss) for the financial year and total comprehensive profit/(loss)** | | **179,192** | **(175,708)** |

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 957 to 967 form an integral part of these financial statements.

# Statement of Financial Position
as at March 31, 2023

| | Note | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 12 | 662,958 | 811,040 |
| **Current assets** | | | |
| Stocks | 13 | 668,800 | 728,487 |
| Debtors | 14 | 148,176 | 375,300 |
| Cash at bank and in hand | | 363,373 | 581,766 |
| | | **1,180,349** | **1,685,553** |
| **Creditors:** Amounts falling due within one year | 16 | (1,493,025) | (1,666,878) |
| **Net current (liabilities)/assets** | | **(312,676)** | **18,675** |
| **Total assets less current liabilities** | | 350,282 | 829,715 |
| Creditors: Amounts falling due after more than one year | 16 | - | (641,666) |
| Deferred tax | 19 | (43,160) | (60,119) |
| **Net assets** | | **307,122** | **127,930** |
| **Capital and reserves** | | | |
| Called up share capital | | 2 | 2 |
| Profit and loss account | 21 | 307,120 | 127,928 |
| Shareholders' funds | | **307,122** | **127,930** |

The Company's financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies' regime within Part 15 of the Companies Act, 2006.

These financial statements were approved and authorised for issue by the Board on April 13, 2023 and signed on its behalf by:

**Mr. N. Chandrasekhar**
Director

The notes on pages 957 to 967 form an integral part of these financial statements.

# Statement of Changes in Equity
for the Year Ended March 31, 2023

| | Share capital £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At April 01, 2021 | 2 | 303,636 | 303,638 |
| Loss for the year | - | (175,708) | (175,708) |
| **At March 31, 2022** | **2** | **127,928** | **127,930** |

| | Share capital £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At April 01, 2022 | 2 | 127,928 | 127,930 |
| Profit for the year | - | 179,192 | 179,192 |
| **At March 31, 2023** | **2** | **307,120** | **307,122** |

The notes on pages 957 to 967 form an integral part of these financial statements.

# Statement of Cash Flows
for the Year Ended March 31, 2023

| | Note | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Profit/(loss) for the year | | 179,192 | (175,708) |
| **Adjustments for:** | | | |
| Depreciation | 6 | 190,654 | 238,275 |
| Finance costs | 8 | 11,251 | 8,131 |
| Finance income | 7 | (1,699) | (20) |
| Income tax expense | 11 | 45,436 | (6,681) |
| | | **424,834** | **63,997** |
| **Working capital adjustments** | | | |
| Decrease/(increase) in stocks | 13 | 59,687 | (47,784) |
| Decrease/(increase) in trade debtors | | 99,338 | (138,093) |
| (Decrease)/increase in trade creditors | | (28,181) | 351,123 |
| Cash generated from operations | | **555,678** | **229,243** |
| Income taxes received, net | | 86,386 | - |
| Net cash flow from operating activities | | **642,064** | **229,243** |
| **Cash flows from Investing Activities** | | | |
| Interest received | 7 | 1,699 | 20 |
| Acquisitions of tangible assets | | (42,572) | - |
| Net cash flows from investing activities | | **(40,873)** | **20** |
| **Cash flows from Financing Activities** | | | |
| Proceeds from bank borrowing draw downs | | - | 400,000 |
| Repayment of bank borrowing | | (808,333) | (91,667) |
| Interest paid | 8 | (11,251) | (8,131) |
| **Net cash flows from financing activities** | | **(819,584)** | **300,202** |
| Net (decrease)/increase in cash and cash equivalents | | (218,393) | 529,465 |
| Cash and cash equivalents at April 01, | | 581,766 | 52,301 |
| **Cash and cash equivalents at March 31,** | | **363,373** | **581,766** |

The notes on pages 957 to 967 form an integral part of these financial statements.

# Notes to the Financial Statements (Contd.)

for the Year Ended March 31,2023

## 1. General Information

Taj International Hotels Limited is a private Company limited by shares, incorporated in England, and Wales under the Companies Act, 2006.

The principal activity of the Company is set out in the Directors' report.

The address of its registered office is:
St. James Court Hotel
Buckingham Gate
London
SW1E 6AF
United Kingdom

The principal place of business is:
The Bombay Brasserie
Courtfield Road
London
SW7 4QH
United Kingdom

These financial statements were authorised for issue by the Board on April 13, 2023.

## 2. Accounting Policies

### Statement of Compliance

The individual financial statements of Taj international Hotels Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act, 2006.

### Basis of preparation of Financial Statements

The financial statements have been prepared on the going concern basis under the historical cost convention.

The Company has made certain reclassifications and regroupings in the comparative numbers in these financial statements to conform to the classifications used in the current financial year. These changes have no impact on the previously reported net loss. The reclassifications and regroupings have been made for better presentation.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The functional and presentational currency is GBP Sterling (£), being the currency of the primary economic environment in which the Company operates in. The amounts are presented rounded to the nearest pound.

### Summary of Significant Accounting Policies and Key Accounting Estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

# Notes to the Financial Statements (Contd.)

for the Year Ended March 31,2023

**Summary of disclosure exemptions**

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of The Indian Hotels Company Limited as at March 31, 2023 and these consolidated financial statements may be obtained from Mandlik House, Mandlik Road, Mumbai – 400 001, India and the Company's website https://www.ihcltata.com.

**Going Concern**

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the net current liability position will not affect the Company's ability to meet its obligations as they fall due. The assessment takes into consideration the Company's current cash position, its operating cash flows and the availability of financing facilities. The Company has and will generate sufficient liquid resources to be able to meet its ongoing commitments. The financial statements have been prepared on a going concern basis and that there are no material uncertainties with respect to the ability of the Company to operate as such.

**Revenue Recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

**Government Grants**

The Company recognises an unconditional government grant related to the Coronavirus Job Retention Scheme as other income when the grant becomes receivable. Such grants are recognised on an accruals basis in line with when the expense would have been incurred.

**Finance Income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**Employee Benefits**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

### Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### Tangible Fixed Assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

### Depreciation

Depreciation is provided on the following basis:

| Asset class | Depreciation method and rate |
|---|---|
| Leasehold improvements | Over the period of the lease |
| Fixtures, fittings and equipment | 10-20% straight-line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

**Operating Leases**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

In line with recent amendments to FRS 102, the Company has recognised any changes in lease payments, arising from qualifying rent concessions, through the income statement in the period in which the lease payment is intended to compensate.

**Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

**Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**Share Capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

# Notes to the Financial Statements (Contd.)

for the Year Ended March 31,2023

**Financial Instruments**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small Company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 3. Judgements in applying Accounting Policies and Key Sources of Estimation Uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets (see note 12) are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable. The impairment testing of individual assets or cash-generating units requires an assessment of the recoverable amount of the asset or cash-generating unit. If the carrying value of the asset or cash-generating unit exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a discount rate that is based on the Company's weighted average cost of capital adjusted to reflect the risks specific to the business model. The outcome of such an assessment is subjective, and the result is sensitive to the assumed future cash flows and discount rates applied in calculating the value in use.

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

## 4. Turnover

The analysis of the Company's Turnover for the year from continuing operations is as follows:

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Restaurants | 5,302,566 | 3,688,641 |
| Sale of wine | 262,756 | 157,242 |
| | **5,565,322** | **3,845,883** |

The analysis of the Company's turnover for the year by country of destination is as follows:

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| United Kingdom | **5,565,322** | **3,845,883** |

## 5. Other Operating Income

The analysis of the Company's other operating income for the year is as follows:

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Other operating income | - | 58,669 |
| Government grants | - | 192,108 |
| | **-** | **250,777** |

Other operating income comprises salary recharges to related parties (see note 24).

The Company had received grants under the Government's furlough scheme for the year ended March 31, 2022 which had been created for the purpose of supporting businesses during the pandemic. The grants were given for specified staff over a specified period of time during which they are not permitted to work for the Company. The grants were recognised on a time basis consistent with the period of furlough experienced by staff. The grant was not repayable providing the conditions of grant were met; the Company believes it had met all the required conditions. The amounts paid to furloughed staff by the Company were included in cost of sales for the year ended March 31, 2022.

## 6. Operating Profit/(Loss)

Arrived at after charging/(crediting)

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Depreciation expense | 190,654 | 238,275 |
| Other operating lease rentals | 416,483 | 369,122 |

During the year, no Director received any emoluments (2022: £Nil).

# Notes to the Financial Statements (Contd.)

for the Year Ended March 31,2023

## 7. Other Interest Receivable and Similar Income

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Interest income on bank deposits | **1,699** | **20** |

## 8. Interest Payable and Similar Expenses

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Interest on bank overdrafts and borrowings | **11,251** | **8,131** |

## 9. Staff Costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Wages and salaries | 1,833,367 | 1,754,819 |
| Social security costs | 180,899 | 164,233 |
| Other short-term employee benefits | 33,827 | 22,389 |
| Pension costs, defined contribution scheme | 84,408 | 105,598 |
| | **2,132,501** | **2,047,039** |

Wages and salaries are shown gross of any furlough income received for the year ended March 31, 2022.

During the year, no Director received any emoluments (2022: £Nil).

The average monthly number of persons employed by the Company (including Directors) during the year, was as follows:

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Admin, kitchen and waiting staff | 63 | 55 |
| | **63** | **55** |

## 10. Auditors' Remuneration

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 21,500 | 25,625 |
| **Other Fees to Auditors** | | |
| All other non-audit services | **3,500** | **-** |

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

## 11. Taxation

Tax charged/(credited) in the statement of comprehensive income

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| **Current Taxation** | | |
| UK corporation tax | 63,023 | 2,946 |
| UK corporation tax adjustment to prior periods | (628) | 1,042 |
| | **62,395** | **3,988** |
| **Deferred Taxation** | | |
| Arising from origination and reversal of timing differences | (12,889) | (33,023) |
| Arising from changes in tax rates and laws | (4,070) | 22,354 |
| **Total deferred taxation** | **(16,959)** | **(10,669)** |
| Tax expense/(receipt) in the income statement | **45,436** | **(6,681)** |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022: the same as the standard rate of corporation tax in the UK) of 19% (2022: 19%).

The differences are reconciled below:

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Profit/(loss) Before Tax | **224,628** | **(182,389)** |
| Corporation tax at standard rate | 42,679 | (34,654) |
| Tax increase from effect of capital allowances and depreciation | 7,455 | 12,502 |
| (Decrease)/increase in UK and foreign current tax from adjustment for prior periods | (628) | 1,042 |
| Deferred tax (credit)/expense relating to changes in tax rates or laws | (4,070) | 14,429 |
| **Total tax charge/(credit)** | **45,436** | **(6,681)** |

## 12. Tangible Assets

| | Leasehold improvements £ | Furniture, fittings and equipment £ | Total £ |
|---|---|---|---|
| **Cost or Valuation** | | | |
| At April 01, 2022 | 1,730,216 | 1,928,428 | 3,658,644 |
| Additions | - | 42,572 | 42,572 |
| At March 31, 2023 | **1,730,216** | **1,971,000** | **3,701,216** |
| **Depreciation** | | | |
| At April 01, 2022 | 1,124,038 | 1,723,566 | 2,847,604 |
| Charge for the year | 108,065 | 82,589 | 190,654 |
| At March 31, 2023 | **1,232,103** | **1,806,155** | **3,038,258** |
| **Carrying Amount** | | | |
| At March 31, 2023 | **498,113** | **164,845** | **662,958** |
| At March 31, 2022 | **606,178** | **204,862** | **811,040** |

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

## 13. Stocks

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Wine inventory held by third party | 587,736 | 652,184 |
| Food and beverage stock | 81,064 | 76,303 |
| | **668,800** | **728,487** |

## 14. Debtors

| | Note | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|---|
| Trade debtors | | 31,066 | 84,150 |
| Amounts owed by Group undertakings | 24 | 26,262 | 44,734 |
| Corporation tax recoverable | | - | 127,786 |
| Other debtors | | 12,800 | 31,600 |
| Prepayments | | 78,048 | 87,030 |
| **Total current trade and other debtors** | | **148,176** | **375,300** |

All amounts shown under debtors fall due for payment within one year.

## 15. Cash and Cash Equivalents

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Cash on hand | 2,050 | 2,050 |
| Cash at bank | 361,323 | 579,716 |
| | **363,373** | **581,766** |

## 16. Creditors

| | Note | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|---|
| **Due within one year** | | | |
| Loans and borrowings | 17 | - | 166,667 |
| Trade creditors | | 113,688 | 120,136 |
| Amounts owed to Group undertakings | 24 | 56,601 | 189,894 |
| Corporation tax payable | | 24,983 | 3,988 |
| Social security and other taxes | | 140,100 | 80,137 |
| Outstanding defined contribution pension costs | | 6,544 | 3,765 |
| Other creditors | | 22,097 | 5,018 |
| Accrued expenses | | 1,129,012 | 1,097,273 |
| | | **1,493,025** | **1,666,878** |
| **Due after one year** | | | |
| Loans and borrowings | 17 | **-** | **641,666** |

# Notes to the Financial Statements (Contd.)

for the Year Ended March 31,2023

## 17. Loans and borrowings

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| **Current Loans and Borrowings** | | |
| Bank borrowings | - | **166,667** |

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| **Non-current Loans and Borrowings** | | |
| Bank borrowings | - | **641,666** |

The bank borrowings were repaid in full during the year.

## 18. Financial Instruments

### Categorisation of Financial Instruments

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Financial assets measured at fair value through profit or loss | 433,836 | 742,250 |
| Financial liabilities measured at fair value through profit or loss | 1,328,276 | 2,196,610 |

Financial assets that are debt instruments measured at amortised cost comprise cash, trade and other debtors and amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise trade and other payables, amounts owed to Group undertakings and accrued expenses.

## 19. Deferred Taxation

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| At beginning of year | (60,119) | (70,788) |
| Charged to the profit and loss | 16,959 | 10,669 |
| At end of year | **(43,160)** | **(60,119)** |

The provision for deferred taxation is made up as follows:

| | March 31, 2023 £ | March 31, 2022 £ |
|---|---|---|
| Accelerated capital allowances | (44,796) | (61,060) |
| Short-term timing differences | 1,636 | 941 |
| | **(43,160)** | **(60,119)** |

## 20. Share Capital

### Allotted, called up and fully paid shares

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | **2** | **2** | **2** | **2** |

# Notes to the Financial Statements (Contd.)
for the Year Ended March 31,2023

## 21. Reserves

### Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

## 22. Pension Commitments

### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £84,408 (2022: £105,598).

Contributions totalling £6,544 (2022: £3,765) were payable to the scheme at the end of the year and are included in creditors.

## 23. Commitments under Operating Leases

### Operating leases

The total of future minimum lease payments is as follows:

| | March 31, 2023<br>£ | March 31, 2022<br>£ |
|---|---|---|
| Not later than one year | 424,000 | 377,600 |
| Later than one year and not later than five years | 1,596,333 | 1,696,000 |
| Later than five years | 1,875,000 | 2,199,333 |
| | **3,895,333** | **4,272,933** |

## 24. Related Party Transactions

During the year The Indian Hotels Company Limited invoiced Taj International Hotels Limited £280,667 (2022: £189,894), for the provision of management services.

St. James Court Hotel Limited is a fellow subsidiary of IHOCO BV. During the year, St. James Court Hotel Limited invoiced Taj International Hotels Limited £117,922 (2022: £64,000) towards rent in respect of the premises let out and £31,738 (2022: £35,289) in respect of recharge of utilities. Taj International Hotels Limited recharged payroll costs of £Nil (2022: £58,669) to St. James Court Hotel Limited and made sales of goods to St. James Court Hotel Limited totalling £297,754 (2022: £167,675).

At the balance sheet date Taj International Hotels Limited had the following balances with other group companies. Amounts were due to The Indian Hotel Company Limited of £56,601 (2022: £189,894) on account of management fees and other expenses and receivable £Nil (2022: £27,334) on account of reimbursement of expenses. Amounts were due from St. James Court Hotel Limited of £21,262 (2022: £12,400) and due to St. James Court Hotel Limited of £Nil (2022: £Nil). As at March 31, 2023, there has been an advancement of £5,000 to a Company Director (2022: £5,000).

## 25. Controlling Party

The immediate parent undertaking and controlling party is IHOCO BV, a Company registered in the Netherlands.

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is The Indian Hotels Company Limited, incorporated in India. Consolidated financial statements are available from Mandlik House, Mandlik Road, Mumbai – 400 001, India. In the opinion of the Directors this is the Company's ultimate parent Company and ultimate controlling party.

# Independent Auditor's Report

To the member of
**PIEM International (H.K.) Limited**
(incorporated in Hong Kong with limited liability)

## Opinion

We have audited the financial statements of PIEM International (H.K.) Limited (the "Company") set out on pages 970 to 985, which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises the directors' report and the detailed income statement.

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 Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report (Contd.)

### 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. This report is made solely to you, as a body, in accordance with Section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 the directors 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.

**MAZARS CPA LIMITED**
Certified Public Accountants
Hong Kong, April 13, 2023

The engagement director on the audit resulting in this independent auditor's report is:

**CHAN WAI MAN**
Practising Certificate number: P02487

# Statement of Comprehensive Income

for the year ended March 31, 2023

| | Note | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|---|
| **Revenue** | 2 | 522 | 3 |
| Other income | 3 | 3,875,648 | - |
| Exchange loss, net | | (2) | (23) |
| Operating expenses | | (12,338) | (11,965) |
| Share of result of an associate | | 1,335,204 | (1,778,637) |
| **Profit (loss) Before Tax** | 4 | **5,199,034** | **(1,790,622)** |
| Income tax expense | 5 | - | - |
| **Profit (loss) for the year** | | **5,199,034** | **(1,790,622)** |
| **Other Comprehensive Loss:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising from translation of interest in an associate | | (1,743,055) | (1,584,847) |
| **Other comprehensive loss for the year, net of tax** | | **(1,743,055)** | **(1,584,847)** |
| **Total comprehensive income (loss) for the year** | | **3,455,979** | **(3,375,469)** |

# Statement of Financial Position
as at March 31, 2023

| | Note | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Interest in an associate | 6 | 31,353,236 | 27,885,439 |
| Designated FVOCI | 7 | 541,375 | 541,375 |
| | | **31,894,611** | **28,426,814** |
| **Assets classified as held for sale** | 8 | **1** | **1** |
| **Current Assets** | | | |
| Deposits | | 157 | 181 |
| Bank balances | | 261,485 | 273,044 |
| | | **261,642** | **273,225** |
| **Current Liabilities** | | | |
| Accrued charges | | 8,918 | 8,683 |
| **Net Current Assets** | | **252,724** | **264,542** |
| **Net Assets** | | **32,147,336** | **28,691,357** |
| **Capital and Reserves** | | | |
| Share capital | 9 | 8,000,000 | 8,000,000 |
| Exchange reserve | | (5,004,323) | (3,261,268) |
| Accumulated profits | | 29,151,659 | 23,952,625 |
| **Total Equity** | | **32,147,336** | **28,691,357** |

These financial statements on pages 970 to 985 were approved and authorised for issue by the board of directors on April 13, 2023 and signed on behalf by

Director
**Sudhir Lalchand Nagpal**

Director
**Chandrasekhar Nagarajan**

# Statement of Changes in Equity
for the year ended March 31, 2023

| | Share capital US$ | Exchange reserve US$ (Note i) | Accumulated profits US$ | Total US$ |
|---|---|---|---|---|
| **At April 01, 2021** | **8,000,000** | **(1,676,421)** | **25,743,247** | **32,066,826** |
| Loss for the year | - | - | (1,790,622) | (1,790,622) |
| **Other Comprehensive Loss** | | | | |
| Exchange differences arising from translation of interest in an associate | - | (1,584,847) | - | (1,584,847) |
| **Total comprehensive loss for the year** | **-** | **(1,584,847)** | **(1,790,622)** | **(3,375,469)** |
| At March 31, 2022 | **8,000,000** | **(3,261,268)** | **23,952,625** | **28,691,357** |
| At April 01, 2022 | 8,000,000 | (3,261,268) | 23,952,625 | 28,691,357 |
| Profit for the year | - | - | 5,199,034 | 5,199,034 |
| **Other Comprehensive Loss** | | | | |
| Exchange differences arising from translation of interest in an associate | - | (1,743,055) | - | (1,743,055) |
| **Total comprehensive (loss) income for the year** | **-** | **(1,743,055)** | **5,199,034** | **3,455,979** |
| **At March 31, 2023** | **8,000,000** | **(5,004,323)** | **29,151,659** | **32,147,336** |

**Note:**

(i) The exchange reserve comprises exchange differences arising from translation of financial statements of the Company's foreign associate. The reserve is dealt with in accordance with the accounting policy on foreign currency translation as stated in note 1 to the financial statements.

# Statement of Cash Flows
for the year ended March 31, 2023

| | Note | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|---|
| **Operating Activities** | | | |
| Cash used in operations | 10 | (12,081) | (12,654) |
| Net cash used in operating activities | | **(12,081)** | **(12,654)** |
| **Investing Activities** | | | |
| Interest received | | 522 | 3 |
| **Net cash from investing activities** | | **522** | **3** |
| Net decrease in cash and cash equivalents | | (11,559) | (12,651) |
| Cash and cash equivalents at beginning of year | | 273,044 | 285,695 |
| **Cash and cash equivalents at end of year, represented by bank balances** | | **261,485** | **273,044** |

# Notes to the Financial Statements

for the year ended March 31, 2023

## Corporate Information

PIEM International (H.K.) Limited (the "Company") is a limited liability company incorporated in Hong Kong. The Company's registered office is located at 42nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The immediate holding company of the Company is Piem Hotels Limited, a company incorporated in India. In the opinion of the directors, the ultimate holding company of the Company is The Indian Hotels Company Limited, a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange in India. The principal activity of the Company is investment holding.

## 1. Principal Accounting Policies

### Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 financial statements. The new/revised HKFRSs that are relevant to the Company and effective from the current year do not have impact on the financial statements. A summary of the principal accounting policies adopted by the Company is set out below.

### Basis of Measurement

The measurement basis used in the preparation of these financial statements is historical cost, except for equity investment measured at fair value through other comprehensive income ("Designated FVOCI") which is measured at fair value as explained in the relevant principal accounting policies set out below.

### Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but no control or joint control of those policies.

The Company's investment in an associate is accounted for under the equity method of accounting. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Company's share of the investee's net assets and any impairment loss relating to the investment.

Except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the investee, the Company discontinues recognising its share of further losses when the Company's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long-term interests that, in substance, form part of the Company's net investment in the investee.

### Financial Instruments

#### Financial Assets

##### Recognition and derecognition

Financial assets are recognised when and only when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Company's contractual rights to future cash flows from the financial asset expire or (ii) the Company transfers the financial asset and either (a) the Company transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# Notes to the Financial Statements
for the year ended March 31, 2023

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

### Classification and measurement

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Company's financial assets at amortised cost include bank balances.

### Designated FVOCI

Upon initial recognition, the Company may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Company's financial assets at Designated FVOCI include a listed equity security.

## Financial Liabilities

### Recognition and derecognition

Financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

# Notes to the Financial Statements
for the year ended March 31, 2023

#### Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Company's financial liabilities include accrued charges. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

### Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. At each reporting date, the Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

#### Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on one or more shared credit risk characteristics, such as past due information and nature of instrument.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

#### Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Company may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Financial Statements
for the year ended March 31, 2023

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

### Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

As detailed in note 12 to the financial statements, financial instrument including bank balances is determined to have low credit risk.

### Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties;

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

### Write off

The Company writes off a financial asset when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

### Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

## Revenue Recognition

### Dividend income

Dividend income from financial assets is recognised when the Company's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

# Notes to the Financial Statements

for the year ended March 31, 2023

### Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credited-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

### Foreign Currency Translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the currency of United States dollars ("US$"), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Exchange differences arising from the translation of the net investment in foreign operations are recognised in a separate component of equity and recognised in profit or loss on disposal of the foreign operations.

### Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews internal and external sources of information to assess whether there is any indication that interest in an associate may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

### Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

# Notes to the Financial Statements
for the year ended March 31, 2023

**Related Parties**

A related party is a person or entity that is related to the Company.

(a) A person or a close member of that person's family is related to the Company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Company or of the parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate, and a joint venture includes subsidiaries of the joint venture.

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# Notes to the Financial Statements
for the year ended March 31, 2023

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Future Changes in HKFRSs

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Company has not early adopted. The directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Company.

## 2. Revenue

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---:|---:|
| Interest revenue calculated using the effective interest method: | | |
| Interest income on bank deposits | 522 | 3 |

## 3. Other Income

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---:|---:|
| Gain on deemed disposal of an associate | 3,875,648 | - |

## 4. Profit (Loss) Before Tax

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---:|---:|
| This is stated after charging: | | |
| Auditor’s remuneration | 9,109 | 8,892 |

# Notes to the Financial Statements
for the year ended March 31, 2023

## 5. Income Tax Expense

Hong Kong Profits Tax has not been provided for the years ended March 31, 2023 and 2022 as the Company's profits neither arose in, nor derived from, Hong Kong and therefore was not subject to Hong Kong Profits Tax. In the opinion of the directors, the Company is not subject to taxation in any other jurisdictions in which the Company operates.

### Reconciliation of Tax Expense

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Profit (loss) before tax | **5,199,034** | **(1,790,622)** |
| Income tax at applicable tax rate of 16.5% (2022: 16.5%) | 857,841 | (295,453) |
| Result of an associate | (220,309) | 293,475 |
| Non-taxable revenue | (639,568) | - |
| Non-deductible expenses | 2,036 | 1,978 |
| | - | - |

## 6. Interest in an Associate

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Share of net assets | **31,353,236** | **27,885,439** |

Interest in an associate represents 29.50814% (2022: 35.38075%) of the issued ordinary share capital of St. James Court Hotel Limited ("SJCHL"), a company engaged in hotel operations and incorporated in the United Kingdom. The associate is accounted for using the equity method in the financial statements.

During the year, SJCHL has allotted 11,250,000 ordinary shares to one of the existing shareholders on June 06, 2022. Upon the allotment, the interest held by the Company has been diluted from 35.38075% to 29.50814% and a gain on deemed disposal of US$3,875,648 was recognised in the profit or loss.

Summary of financial information of the associate is as follows:

| | As at March 31, 2023 US$ | As at March 31, 2022 US$ |
|---|---|---|
| **Gross amount** | | |
| Current assets | 20,356,625 | 16,332,426 |
| Non-current assets | 128,766,030 | 138,910,147 |
| Current liabilities | (8,650,080) | (76,139,297) |
| Non-current liabilities | (34,219,733) | (287,991) |
| Equity | **106,252,842** | **78,815,285** |
| **Reconciliation** | | |
| **Total equity of the associate** | **106,252,842** | **78,815,285** |
| Company's ownership interests | **29.50814%** | **35.38075%** |
| **Company's share of equity and carrying amount of interest** | **31,353,236** | **27,885,349** |

| | Year ended March 31, 2023 US$ | Year ended March 31, 2022 US$ |
|---|---|---|
| **Gross amount** | | |
| Revenue | 52,099,346 | 26,951,542 |
| Profit (loss) for the year and total comprehensive income (loss) for the year | 1,900,702 | (5,027,133) |

# Notes to the Financial Statements

for the year ended March 31, 2023

## 7. Designated FVOCI

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Equity security listed outside Hong Kong, at fair value | **541,375** | **541,375** |

At the end of the reporting period, the Company held 487,500 equity shares, representing 0.27% interest in Oriental Hotels Limited ("OHL"), which are listed on the Bombay Stock Exchange and the National Stock Exchange in India. OHL is a related company in which the ultimate holding company of the Company has significant influence. The Company's interest in Oriental Hotels Limited is stated at fair value, by reference to the quoted market price of the shares of Oriental Hotels Limited as at March 31, 2023. The fair value was categorised as level 1 fair value measurement.

## 8. Assets Classified as held for Sale

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Investments in unlisted shares, at cost | **1** | **1** |

| Name of subsidiary | Country of incorporation | Percentage of ordinary shares directly held | Principal activities |
|---|---|---|---|
| BAHC 5 Pte. Limited ("BAHC5") | Singapore | 100% | Aircraft owning |

In accordance with the written board resolution initially passed on April 15, 2009, the Company intended to dispose of the above investment and a disposal plan has been established. In the opinion of the directors, the disposal is estimated to be completed before the end of the financial year 2024. As a result, the interest in the subsidiary is still classified as "Assets classified as held for sale" at the end of the reporting period.

## 9. Share Capital

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | US$ | No. of shares | US$ |
| Issued and fully paid: | | | | |
| At beginning of the year and end of the reporting period | **800,000** | **8,000,000** | **800,000** | **8,000,000** |

## 10. Cash used in Operations

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Profit (loss) before tax | 5,199,034 | (1,790,622) |
| Interest income | (522) | (3) |
| Share of result of an associate | (1,335,204) | 1,778,637 |
| Gain on deemed disposal of an associate | (3,875,648) | - |
| Changes in working capital: | | |
| Deposits | 24 | 23 |
| Accrued charges | 235 | (689) |
| **Cash used in operations** | **(12,081)** | **(12,654)** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## 11. Pledge of Assets

The Company has pledged its investment in BAHC5 with a net book value of US$1.

## 12. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise mainly bank balances and Designated FVOCI. The main purpose of these financial instruments is to raise and maintain finance for the Company's operations.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The Company does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on its risk management and limits the Company's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign Currency Risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than United States dollars. Related company balances and interest in an associate are denominated in British Pounds ("GBP").

At March 31, 2023, if the United States dollars had weakened/strengthened by 6% (2022: 5%) against the GBP with all other variables held constant, the Company's net profit (2022: net loss) for the year would have been US$35,000 lower/higher (2022: US$134,000 lower/higher) while the exchange reserve would decrease/increase by US$1,934,000 (2022: decrease/increase by US$1,325,000).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Company's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period.

### Credit Risk

The Company's credit risk is primarily attributable to bank balances. Substantially all of the Company's bank balances were deposited in creditworthy financial institutions in Hong Kong. The management of the Company considers the Company has limited credit risk with these financial institutions which have high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recognised on the statement of financial position, which is net of impairment losses, represents the Company's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

### Liquidity Risk

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled on demand at the end of the reporting period.

## 13. Fair Value of Financial Instruments

All financial instruments are carried at amounts not materially different from their fair values as at March 31, 2023 and 2022.

## 14. Capital Management

The objectives of the Company's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for shareholders. The Company manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders or issue new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and 2022.

# Notes to the Financial Statements
for the year ended March 31, 2023

## 15. Information about the Benefits of Directors

The following disclosures are presented pursuant to Section 383 of the Companies Ordinance.

### (a) Directors' Remuneration

There is no director remuneration for the year (2022: Nil).

### (b) Loans, Quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Company or its holding company that were entered into or subsisted during the year (2022: Nil).

### (c) Directors' material interests in transactions, arrangements, or contracts

The directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

# Detailed Income Statement

for the year ended March 31, 2023

| | Schedule | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|---|
| **Revenue** | A | 522 | 3 |
| Other income | B | 3,875,648 | - |
| Exchange loss, net | | (2) | (23) |
| Operating expenses | C | (12,338) | (11,965) |
| Share of result of an associate | | 1,335,204 | (1,778,637) |
| **Profit (loss) before tax** | | **5,199,034** | **(1,790,622)** |

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **A. Revenue** | | |
| Interest income on bank deposits | **522** | **3** |

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **B. Other Income** | | |
| Gain on deemed disposal | **3,875,648** | **-** |

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **C. Operating Expenses** | | |
| Auditor's remuneration | 9,109 | 8,892 |
| Bank charges | 148 | 111 |
| Legal and professional fees | 3,057 | 2,897 |
| Sundry expenses | 24 | 65 |
| | **12,338** | **11,965** |

## Disclosures Pursuant to Section 436 of the Companies Ordinance

The above financial information relating to the years ended March 31, 2023 and 2022 does not constitute the Company's specified financial statements for those years as defined in Section 436 of the Companies Ordinance but is derived therefrom.

The Company is not required to deliver its specified financial statements to the Registrar of Companies and has not done so.

Auditor's reports have been prepared on the specified financial statements for both years.

The auditor's reports the years ended March 31, 2023 and 2022:

- were not qualified or otherwise modified;
- did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the reports; and
- did not contain a statement under Section 406(2) or 407(2) or (3) of the HKCO.

# Independent Auditor's Report

To the Member of
**Taj International Hotels (H.K.) Limited**
(Incorporated in Hong Kong with Limited Liability)

## Opinion

We have audited the financial statements of Taj International Hotel (H.K.) Limited (the "Company") set out on pages 988 to 1000, which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises the directors' report and the detailed income statement.

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 Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# Independent Auditor's Report (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 the directors 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.

**Mazars CPA Limited**
Certified Public Accountants
Hong Kong, April 13, 2023

The engagement director on the audit resulting in this independent auditor's report is:
**Chan Wai Man**
Practising Certificate number: P02487

# Statement of Comprehensive Income

for the year ended March 31, 2023

| | Note | 2023 US$ | 2022 US$ |
|---|---|---|---|
| **Revenue** | 2 | 291 | 1 |
| Other income | 3 | 24,950 | 18,723 |
| Other operating expenses | 4 | (285,432) | (15,116) |
| **(Loss) Profit Before Tax** | | **(260,191)** | **3,608** |
| Income tax expense | 5 | - | - |
| **(Loss) Profit for the Year** | | **(260,191)** | **3,608** |
| **Other Comprehensive Income for the Year, Net of Tax** | | | |
| **Total Comprehensive (Loss) Income for the Year** | | **(260,191)** | **3,608** |

# Statement of Financial Position

as at March 31, 2023

| | Note | 2023<br>US$ | 2022<br>US$ |
|---|---|---|---|
| **Current Assets** | | | |
| Loans advanced to fellow subsidiaries | 6 | 17,021,603 | 17,290,202 |
| Due from the ultimate holding company | 7 | 620,000 | 620,000 |
| Bank balances | | 144,498 | 135,858 |
| | | **17,786,101** | **18,046,060** |
| **Current Liabilities** | | | |
| Accrued charges | | 10,446 | 10,214 |
| **Net Current Assets** | | 17,775,655 | 18,035,846 |
| **Net Assets** | | **17,775,655** | **18,035,846** |
| **Capital and Reserves** | | | |
| Share capital | 8 | 230,000,000 | 230,000,000 |
| Accumulated losses | | (212,224,345) | (211,964,154) |
| **Total Equity** | | **17,775,655** | **18,035,846** |

These financial statements on pages 988 to 1000 were approved and authorised for issue by the board of directors on April 13, 2023, and signed on behalf by

Director
**Nabakumar Shome**

Director
**Chandrasekhar Nagarajan**

# Statement of Changes in Equity
for the year ended March 31, 2023

| | Share capital US$ | Accumulated losses US$ | Total US$ |
|---|---|---|---|
| At April 01, 2021 | 230,000,000 | (211,967,762) | 18,032,238 |
| Profit for the year and total comprehensive income for the year | - | 3,608 | 3,608 |
| **At March 31, 2022** | **230,000,000** | **(211,964,154)** | **18,035,846** |
| At April 01, 2022 | 230,000,000 | (211,964,154) | 18,035,846 |
| Loss for the year and total comprehensive loss for the year | - | (260,191) | (260,191) |
| **At March 31, 2023** | **230,000,000** | **(212,224,345)** | **17,775,655** |

# Statement of Cash Flows

for the year ended March 31, 2023

| | Note | 2023 US$ | 2022 US$ |
|---|---|---|---|
| **Operating Activities** | | | |
| Cash used in operations | 9 | (16,601) | (15,939) |
| **Net cash used in operating activities** | | **(16,601)** | **(15,939)** |
| **Investing Activities** | | | |
| Interest received | | 291 | 1 |
| Repayment of loan by a related company | | 24,950 | - |
| **Net cash from investing activities** | | **25,241** | **1** |
| **Net increase (decrease) in cash and cash equivalents** | | 8,640 | (15,938) |
| Cash and cash equivalents at beginning of year | | 135,858 | 151,796 |
| **Cash and cash equivalents at end of year, represented by bank balances** | | **144,498** | **135,858** |

# Notes to the Financial Statements

for the year ended March 31, 2023

## Corporate Information

Taj International Hotels (H.K.) Limited (the "Company") is a limited liability company incorporated in Hong Kong. The Company's registered office is located at 42nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The immediate holding company of the Company and in the opinion of the directors, the ultimate holding company of the Company is The Indian Hotels Company Limited, a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange in India. The principal activity of the Company is investment holding and provision of finance to group entities.

## 1. Principal Accounting Policies

### Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 financial statements. The new/revised HKFRSs that are relevant to the Company and effective from the current year do not have impact on the financial statements. A summary of the principal accounting policies adopted by the Company is set out below.

### Basis of Measurement

The measurement basis used in the preparation of these financial statements is historical cost.

### Financial Instruments

#### Financial Assets

*Recognition and Derecognition*

Financial assets are recognised when and only when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Company's contractual rights to future cash flows from the financial asset expire or (ii) the Company transfers the financial asset and either (a) the Company transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

*Classification and Measurement*

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

# Notes to the Financial Statements

for the year ended March 31, 2023

The classification of financial assets at initial recognition depends on the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

***Financial Assets Measured at Amortised Cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Company's financial assets at amortised cost include bank balances, loan advanced to fellow subsidiaries and due from the ultimate holding company.

**Financial Liabilities**

***Recognition and Derecognition***

Financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

***Classification and Measurement***

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Company's financial liabilities include accrued charges. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

***Impairment of Financial Assets***

The Company recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. At each reporting date, the Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

***Measurement of ECL***

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

# Notes to the Financial Statements
for the year ended March 31, 2023

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on one or more shared credit risk characteristics, such as past due information and nature of instrument.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Notwithstanding the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

*Low Credit Risk*

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 12 to the financial statements, financial instruments including bank balances, loan advanced to fellow subsidiaries and due from the ultimate holding company are determined to have low credit risk.

### Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

### Revenue Recognition

#### Interest Income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credited-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

### Foreign Currency Translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the currency of United States dollars ("US$"), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

### Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

# Notes to the Financial Statements
for the year ended March 31, 2023

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

### Related Parties

A related party is a person or entity that is related to the Company.

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of the parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

# Notes to the Financial Statements
for the year ended March 31, 2023

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### Future Changes in HKFRSs

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Company has not early adopted. The directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Company.

## 2. Revenue

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Interest income | **291** | **1** |

## 3. Other Income

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Exchange gain, net | - | 18,723 |
| Reversal of impairment loss on loan previously advanced to a related company | 24,950 | - |
| | **24,950** | **18,723** |

## 4. Other Operating Expenses

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Auditor's remuneration | 10,727 | 10,428 |
| Exchange loss, net | 268,603 | - |
| Other expenses | 6,102 | 4,688 |
| | **285,432** | **15,116** |

## 5. Income Tax Expense

Hong Kong Profits Tax has not been provided for the years ended March 31, 2023, and 2022 as the Company's profits neither arose in, nor derived from, Hong Kong and therefore was not subject to Hong Kong Profits Tax. In the opinion of the directors, the Company is not subject to taxation in any other jurisdictions in which the Company operates.

### Reconciliation of Tax Expense

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Profit before tax | (260,191) | 3,608 |
| Income tax at applicable tax rate of 16.5% (2022:16.5%) | (42,932) | 595 |
| Tax exempt income | (4,164) | (3,089) |
| Non-deductible expenses | 47,096 | 2,494 |
| | - | - |

## 6. Loans Advanced to Fellow Subsidiaries

The amount of $7,000,000 (2022: $7,000,000) is unsecured, interest-free and repayable with a call option of 3 days' notice. The amount of $10,021,603 (2022: $10,290,202) is unsecured, interest-free and repayable on April 01, 2024, while the Company has the right to call back the loan with 3 days' notice.

The total carrying amount approximates its fair value at the end of the reporting period.

# Notes to the Financial Statements

for the year ended March 31, 2023

## 7. Due from the Ultimate Holding Company

The amount is unsecured, interest-free and has no fixed repayment term. The carrying amount approximates its fair value at the end of the reporting period.

## 8. Share Capital

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of shares | US$ | No. of shares | US$ |
| Issued and fully paid: | | | | |
| At beginning of the year and end of the reporting period | 230,000,000 | 230,000,000 | 230,000,000 | 230,000,000 |

## 9. Cash used in Operations

| | 2023 US$ | 2022 US$ |
|---|---|---|
| (Loss) Profit before tax | (260,191) | 3,608 |
| Exchange loss (gain), net | 268,599 | (18,753) |
| Reversal of impairment loss on loan previously advanced to a related company | (24,950) | - |
| Interest income | (291) | (1) |
| Changes in working capital: | | |
| Accrued charges | 232 | (793) |
| **Cash used in operations** | **(16,601)** | **(15,939)** |

## 10. Contingent Liabilities

St. James Court Hotel Limited ("SJCHL"), a fellow subsidiary of the Company, owns the leasehold interest in a property in London, such interest having been assigned to it in an earlier period by an erstwhile subsidiary company on the basis of a license granted by the landlord of the property, Scottish Widows' Fund and Life Assurance Society. The license was granted for such assignment upon the guarantee from the Company for the due performance and observance by SJCHL of the covenants and conditions contained in the license. The obligations of the Company in favour of the landlord shall remain in force throughout the full term of the lease, including any renewals.

## 11. Related Party Transactions

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year the Company had the following transactions with related parties:

The ultimate holding company has indemnified the Company against any possible losses arising from the loans advanced to fellow subsidiaries amounting to $17,021,603 (2022: loans advanced to fellow subsidiaries amounting to $17,290,202).

## 12. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise mainly bank balances, loan advanced to fellow subsidiaries and due from the ultimate holding company. The main purpose of these financial instruments is to raise and maintain finance for the Company's operations.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The Company does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on its risk management and limit the Company's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign Currency Risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than United States dollars. Loans advanced to a fellow subsidiary include balance denominated in South African Rand ("ZAR").

# Notes to the Financial Statements
for the year ended March 31, 2023

At March 31, 2023, if the United States dollars had weakened / strengthened by 22% (2022: 5%) against ZAR with all other variables held constant, the Company's net loss for the year would have been $224,000 higher / lower (2022: net profit for the period would have been $85,000 higher / lower).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Company's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period.

### Credit Risk

The Company's credit risk is primarily attributable to bank balances, due from the ultimate holding company and loan advanced to fellow subsidiaries. Substantially all of the Company's bank balances were deposited in a creditworthy financial institution in Hong Kong. The management of the Company considers the Company has limited credit risk with this financial institution which has high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recognised on the statement of financial position, which is net of impairment losses, represents the Company's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

### Loans Advanced to Fellow Subsidiaries / Due from the Ultimate Holding Company

The Company considers that the loans advanced to fellow subsidiaries, for which the ultimate holding company has agreed to indemnify the Company should they not be able to repay, and due from the ultimate holding company have low credit risk based on the strong capacity of the ultimate holding company to meet its contractual cash flow obligations in the near term and low risk of default. Impairment is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Company has taken into account the historical actual credit loss experience over the past 2 years (2022: 2 years) and the financial position of the ultimate holding company by reference to, among others, its management or audited accounts, adjusted for forward-looking factors that are specific to it and general economic conditions of the industry in which the it operates, in estimating the probability of default of these financial assets, as well as the loss upon default in the case. The management of the Company considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the ultimate holding company.

There was no change in the estimation techniques or significant assumptions made during the year.

### Liquidity Risk

The Company manages its liquidity and cash flows profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All financial liabilities are expected to be settled on demand at the end of the reporting period.

## 13. Fair Value Measurements

All financial instruments are carried at amounts not materially different from their fair values as at March 31, 2023 and 2022.

## 14. Capital Management

The objectives of the Company's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for its shareholder. The Company manages its capital structure and makes adjustments, including payment of dividend to shareholder, return of capital to shareholder or issue new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended March 31, 2023, and 2022.

# Notes to the Financial Statements

for the year ended March 31, 2023

## 15. Information about the benefits of Directors

The following disclosures are presented pursuant to section 383 of the Companies Ordinance.

### (a) Directors' Remuneration

There is no director remuneration for the year (2022: Nil).

### (b) Loans, Quasi-Loans and Other Dealings in Favour of Directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Company or its holding company that were entered into or subsisted during the year (2022: Nil).

### (c) Directors' Material Interests in Transactions, Arrangements or Contracts

The directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

### Schedules to Detailed Income Statement

Year ended March 31, 2023

| | Schedule | 2023 US$ | 2022 US$ |
|---|---|---|---|
| **Revenue** | A | 291 | 1 |
| **Other income** | B | 24,950 | 18,723 |
| Other operating expenses | C | (285,432) | (15,116) |
| **Profit before tax** | | **(260,191)** | **3,608** |

### A. Revenue

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Interest income | 291 | 1 |

### B. Other Income

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Exchange gain, net | - | 18,723 |
| Reversal of impairment loss on loan previously advanced to a related company | 24,950 | - |
| | **24,950** | **18,723** |

### C. Other Operating Expenses

| | 2023 US$ | 2022 US$ |
|---|---|---|
| Auditor's remuneration | 10,727 | 10,428 |
| Bank charges | 2,757 | 2,857 |
| Exchange loss, net | 268,603 | |
| Legal and professional fees | 3,345 | 1,831 |
| | **285,432** | **15,116** |

# Notes to the Financial Statements
for the year ended March 31, 2023

## Disclosures Pursuant to Section 436 of the Companies Ordinance

The above financial information relating to the years ended March 31, 2023, and 2022 does not constitute the Company's specified financial statements for those years as defined in section 436 of the Company Ordinance but is derived therefrom.

The Company is not required to deliver its specified financial statements to the Registrar of Companies and has not done so.

Auditor's reports have been prepared on the specified financial statements for both years.

The auditor's reports for the years ended March 31, 2023, and 2022:

- were not qualified or otherwise modified;
- did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and
- did not contain a statement under section 406(2) or 407(2) or (3) of the Company Ordinance.

# Independent Auditor's Report

## BAHC 5 PTE. LIMITED

(Incorporated in the Republic of Singapore)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of BAHC 5 Pte. Limited (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at March 31, 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements with respect to the Company's ability to continue as a going concern. As of reporting date, the Company incurred a net loss of US$5,672,527 during the year ended March 31, 2023 and as of that date, current liabilities exceeded its current assets by US$97,305,878 as at March 31, 2023. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matters.

#### Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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 Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

# Independent Auditor's Report (Continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 the directors 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.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**ROHAN · MAH & PARTNERS LLP**
Public Accountants and Chartered Accountants

Singapore

April 4, 2023
(RK/MA./SR/FK/ccy)

# Statement of Financial Position

as at March 31, 2023

| | Note | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|---|
| **ASSETS LESS LIABILITIES** | | | |
| **Non-Current Asset** | | | |
| Property, plant and equipment | 4 | 45,148,461 | 48,371,715 |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | 864,208 | 993,658 |
| **Current Liabilities** | | | |
| Other payables | 6 | 16,610 | 24,642 |
| Loans | 7 | 98,153,476 | 95,825,621 |
| | | **98,170,086** | **95,850,263** |
| **Net Current Liabilities** | | **(97,305,878)** | **(94,856,605)** |
| **Net Liabilities** | | **(52,157,417)** | **(46,484,890)** |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 8 | 1 | 1 |
| Accumulated losses | | (52,157,418) | (46,484,891) |
| | | **(52,157,417)** | **(46,484,890)** |

The accompanying notes form an integral part of these audited financial statements.

# Statement of Profit or Loss and Other Comprehensive Income
for the year ended March 31, 2023

| | Note | 2023<br>US$ | 2022<br>US$ |
|---|---|---|---|
| **Continuing operations** | | | |
| Other income | 9 | 1,737 | 11 |
| Administrative expenses | | (123,155) | (175,992) |
| Other operating expense | 10 | (3,223,254) | (3,223,254) |
| Finance cost | 11 | (2,327,855) | (1,926,644) |
| **Loss before taxation** | | **(5,672,527)** | **(5,325,879)** |
| Taxation | 12 | - | - |
| **Loss from continuing operations** | | **(5,672,527)** | **(5,325,879)** |
| **Loss for the year** | | **(5,672,527)** | **(5,325,879)** |
| **Total comprehensive loss** | | **(5,672,527)** | **(5,325,879)** |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | (5,672,527) | (5,325,879) |
| **Total comprehensive loss attributable to:** | | | |
| Equity holders of the Company | | **(5,672,527)** | **(5,325,879)** |

The accompanying notes form an integral part of these audited financial statements.

# Statement of Changes in Equity

for the year ended March 31, 2023

| | Share Capital US$ | Accumulated Losses US$ | Total US$ |
|---|---|---|---|
| As at April 1, 2021 | 1 | (41,159,012) | (41,159,011) |
| Total comprehensive loss for the year | - | (5,325,879) | (5,325,879) |
| **As at March 31, 2022** | **1** | **(46,484,891)** | **(46,484,890)** |
| Total comprehensive loss for the year | - | (5,672,527) | (5,672,527) |
| **As at March 31, 2023** | **1** | **(52,157,418)** | **(52,157,417)** |

The accompanying notes form an integral part of these audited financial statements.

# Statement of Cash Flows

for the year ended March 31, 2023

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss before taxation | (5,672,527) | (5,325,879) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,223,254 | 3,223,254 |
| Interest on loans | 2,327,855 | 1,926,644 |
| Interest income | (1,737) | (11) |
| Operating loss before working capital changes | **(123,155)** | **(175,992)** |
| Working capital changes, excluding related to cash: | | |
| Other payables | (8,032) | (324) |
| Cash used in operations activities | **(131,187)** | **(176,316)** |
| Interest received | 1,737 | 11 |
| Net cash used in operating activities | **(129,450)** | **(176,305)** |
| **Net decrease cash and cash equivalents** | (129,450) | (176,305) |
| **Cash and cash equivalents at the beginning of year** | 993,658 | 1,169,963 |
| **Cash and cash equivalents at the end of year (Note 5)** | **864,208** | **993,658** |

The accompanying notes form an integral part of these audited financial statements.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

BAHC 5 Pte. Limited is a private company limited by shares incorporated in Singapore with its registered address at 7 Temasek Boulevard, #37-01A Suntec Tower One, Singapore 038987.

The immediate holding company is Piem International (HK) Limited, incorporated in Hong Kong. The Company's penultimate holding company and ultimate holding company are Piem Hotels Limited and The Indian Hotels Company Limited respectively, both incorporated in India.

Tata Sons Pvt. Ltd., incorporated in India, is the promoter company of The Indian Hotels Company Limited.

On August 21, 2009, the Company was acquired by Piem International (HK) Limited on the basis that the latter's shareholding will only be temporary. The Directors of Piem International (HK) Limited have reiterated, from time to time, its intention to hold the Company's shares on a temporary basis. The Directors of Piem Hotels Limited had also, in the past, issued resolution declaring the temporary nature of its shareholding in the Company. On April 24, 2017, the Directors of Piem International (HK) Limited issued yet another resolution reiterating the temporary nature of its shareholding in the Company.

The principal activity of the Company is to retain ownership of aircraft. There have been no significant changes in the nature of these activities during the year.

The financial statements of the Company for the year ended March 31, 2023 were authorised for issue in accordance with a resolution of the Directors on April 4, 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements expressed in United States Dollar (USD or US$) which is also the functional currency of the Company, are prepared on the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity to be disclosed except as disclosed in Note 3.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after April 1, 2022. The adoption of these standards did not have any material effect on the financial statements.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning on or after April 1, 2023, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current | January 1, 2023 |
| Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies | January 1, 2023 |
| Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 1, 2023 |
| FRS 117 Insurance Contracts | January 1, 2023 |
| Amendments to FRS 116 Leases:<br>Lease Liability in a Sale and Leaseback | January 1, 2024 |
| Amendments to FRS 1 Presentation of Financial Statements:<br>Non-current Liabilities with Covenants | January 1, 2024 |
| Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures:<br>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Date to be determined |

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

## 2.2 Going Concern

The Company incurred a net loss of US$5,672,527 during the year ended March 31, 2023 and as of that date, current liabilities exceeded its current assets by US$97,305,878 as at March 31, 2023. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern depends on the promoter company of the ultimate holding company continuing to provide financial support and the related party of the promoter company not to recall amounts due to them, if any, until all creditors have been paid.

The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the Company's ability to operate as a going concern as set forth above. In the event that the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

## 2.3 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate depreciation amounts over their estimated useful lives. The estimated useful lives are as follows:

| | Years |
|---|---|
| Aircraft | 15 |

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

## 2.4 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exits, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates use to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

## 2.5 Financial Instrument

### 2.5.1 Financial Assets

**Initial Recognition and Measurement**

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

**Subsequent Measurement**

***Investment in debt instruments***

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive Income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

*Investments in equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in the other comprehensive income which will not be reclassified subsequently to profit or loss. Dividend from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

### 2.5.2 Financial Liabilities

**Initial Recognition and Measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

**Subsequent Measurement**

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged and cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

## 2.6 Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

## 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

## 2.8 Borrowing Cost

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

## 2.9 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

### 2.9.1 As Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

#### Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlaying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.4.

#### Lease Liabilities

At the commencement date of the lease, the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlaying asset.

#### Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of office rental (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 2.9.2 As Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2.11 Related Parties

A related party is defined as follows:

**(a) A person or a close member of that person's family is related to the Company if that person:**

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

**(b) An entity is related to the Company if any of the following conditions applies:**

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a group of which the other entity is a member);

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## 2.12 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

## 2.13 Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

## 2.14 Employee Benefits

### 2.14.1 Defined Contribution Plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.14.2 Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## 2.15 Taxes

### 2.15.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

### 2.15.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Key Sources of Estimation Uncertainty

#### Estimated Useful Life of Property, Plant and Equipment

Estimated useful life for plant and equipment is based on the Company's assessment of the expected usage of the asset and expect wear and tear of the asset. The depreciation is charged against the fixed assets to show utilisation of the assets. The estimation of depreciation and useful life requires use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of plant and equipment and depreciation expenses in the period in which such estimates has been changed.

#### Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis less residual value of 25% of cost over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 15 years. The carrying amount of the Company's property, plant and equipment as at March 31, 2023 is US$45,148,461 (2022: US$48,371,715). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised.

#### Estimated Impairment of Property, Plant and Equipment

On March 31, 2023 the Company obtained from Aircraft Bluebook a valuation for its airplane (Aircraft G650) amounting to US$52,170,000. Based in this, no impairment has been recognised.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Aircraft US$ |
|---|---|
| **2023** | |
| **Cost** | |
| At beginning and end of year | **64,465,088** |
| **Accumulated Depreciation** | |
| At beginning of year | 16,093,373 |
| Depreciation | 3,223,254 |
| At end of year | **19,316,627** |
| **Carrying Amount** | |
| At end of year | 45,148,461 |
| **2022** | |
| **Cost** | |
| At beginning and end of year | **64,465,088** |
| **Accumulated Depreciation** | |
| At beginning of year | 12,870,119 |
| Depreciation | 3,223,254 |
| At end of year | **16,093,373** |
| **Carrying Amount** | |
| At end of year | **48,371,715** |

The Aircraft are held in trust by a bank not in individual capacity, but as owner trustee and registered with the Federal Aviation Administration (FAA) in the United States of America.

Included in property, plant and equipment is an aircraft with carrying amount of US$45,148,461 (2022: US$48,371,715) in which a hypothecation has been agreed to secure a loan (Note 7).

## 5. CASH AND CASH EQUIVALENTS

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Cash at bank | 864,207 | 993,657 |
| Cash on hand | 1 | 1 |
| | **864,208** | **993,658** |

## 6. OTHER PAYABLES

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Accruals | 4,043 | 3,675 |
| Sundry creditors | 12,567 | 20,967 |
| | **16,610** | **24,642** |

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 7. LOANS

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **Principal** | | |
| Secured loan – LIBOR plus 3.5%* | 14,026,733 | 14,026,733 |
| Unsecured loan – LIBOR plus 4% | 901,935 | 901,935 |
| Unsecured loan – 2.1%** | 65,000,000 | 65,000,000 |
| | **79,928,668** | **79,928,668** |
| **Accrued interest** | 18,224,808 | 15,896,953 |
| | **98,153,476** | **95,825,621** |

The loan amounts are repayable within 12 months. However, the lenders have agreed not to recall the loans during that period. These loans are from related parties (Note 13).

* The loan is secured by the pledge of shares of the Company held by the immediate holding company, PIEM International (HK) Limited.

** The Company has agreed on a hypothecation, which include a claim toward the said aircraft to secure the loan. The Company retains ownership of the aircraft, but the Lender has the right to seize ownership if the Company defaults (Note 4).

## 8. SHARE CAPITAL

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | US$ | No. of shares | US$ |
| Ordinary shares issued and fully paid: | | | | |
| At beginning and end of the year | 1 | 1 | 1 | 1 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

## 9. OTHER INCOME

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Interest income | 1,737 | 11 |

## 10. OTHER OPERATING EXPENSE

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Depreciation of property, plant and equipment | 3,223,254 | 3,223,254 |

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

## 11. FINANCE COST

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---|---|
| Interest on loans | 2,327,855 | 1,926,644 |

## 12. TAXATION

Major components of income tax expense are as follows:

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---|---|
| Current year taxation | - | - |

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follow:

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---|---|
| Loss before taxation | (5,672,527) | (5,325,879) |
| Current tax expense on loss before tax at 17% | (964,330) | (905,399) |
| Adjustments: | | |
| Non-deductible expenses | 964,625 | 905,401 |
| Non-taxable income | (295) | (2) |
| | - | - |

## 13. SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related parties transactions on terms agreed between the Company and its related parties are as follows:

| | March 31, 2023<br>US$ | March 31, 2022<br>US$ |
|---|---|---|
| **Related Parties** | | |
| Interest expense on loan from | 2,327,855 | 1,926,644 |

Balances with related parties at the reporting date are set out in Note 7.

Related parties in the financial statements refer to companies within the group of the promoter company of the ultimate holding company.

## 14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The directors review and agree policies and procedures for the management of these risks which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purpose shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

# Notes to the Financial Statements (Contd.)

for the year ended March 31, 2023

## 14.1 Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in a financial loss to the Company. As there are no trade receivable, the Company expose to credit risk is minimal.

## 14.2 Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

No maturity analysis is presented as all financial assets and liabilities are due within 12 months.

## 14.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

### 14.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

### 14.3.2 Foreign Currency Risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

The Company's exposure to foreign currency is minimal as all transaction are dealt with in local currency.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 15. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| **Financial Assets** | | US$ |
| Loans and receivables: | | |
| Cash and cash equivalents | 864,208 | 993,658 |
| **Financial Liabilities** | | |
| Financial liabilities measured at amortised cost: | | |
| Other payables | 16,610 | 24,642 |
| Loans | 98,153,476 | 95,825,621 |
| | **98,170,086** | **95,850,263** |

## 16. FAIR VALUES

### Cash and Cash Equivalents and Other Payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

## 17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

No specific gearing ratio has been determined by management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the previous financial year.

The gearing ratios as at March 31, were as follows:

| | March 31, 2023 US$ | March 31, 2022 US$ |
|---|---|---|
| Total trade and other payables and bank borrowings | 98,170,086 | 95,850,263 |
| Less: Cash and cash equivalents | (864,208) | (993,658) |
| Net debts | **97,305,878** | **94,856,605** |
| **Total equity** | **(52,157,417)** | **(46,484,890)** |
| Gearing ratio | - | - |

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from March 31, 2023 and March 31, 2022.

# Notes to the Financial Statements (Contd.)
for the year ended March 31, 2023

## 18. OTHER MATTER

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic, the Ukraine – Russia conflict, inflation and natural disasters have resulted in significant impact to business activities and high level of uncertainty to global economic prospects. The Company has considered the impact of the various macroeconomic events and factors on the measurement and recognition of assets and liabilities, income and expenses, and the potential impact on going concern amongst other considerations. Management has reviewed the possible impact given the evolving nature of COVID-19 and the uncertainties that arise from the various macroeconomic events and factors on the following matters:

(1) Changes in economic and market conditions that affect the fair values of the Company's financial and non-financial assets and liabilities.

(2) Additional expected credit losses due to a decline in the repayment ability of debtors.

Management assessment requires the exercise of judgement and careful consideration of Company's specific facts and circumstances. The Company operates in business segments that have remain relatively stable or unaffected by the outbreak and the uncertainties as mentioned above and there may not be a significant increase in loss allowance as the Company's key customers are not in sectors severely affected by the outbreak, and they generally have good repayment history. The Company will continue to monitor any material impact due to changes in future economic conditions.

THE INDIAN HOTELS COMPANY LIMITED

MANDLIK HOUSE, MANDLIK ROAD, MUMBAI - 400001

A TATA Enterprise

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/Concept, content and design at AICL (hello@aicl.in)