

INDEPENDENT AUDITOR'S REPORT

To The Members of Celsia Hotels Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Celsia Hotels Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020 and the Statement of Profit and Loss including Other Comprehensive Income, statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to 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 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 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 31st March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 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 financial statements.

Emphasis of Matter

We draw out your attention to note 33 of the financial statements which sets out Company's assessment of Going concern assumption and financial impact on account of COVID 19 pandemic situation. Based on these assessments, the management has concluded that the Company will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its assets as on March 31, 2020.

Our opinion is not modified in respect of this matter

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the



Director's Report, Chairman's statement, but does not include the Ind AS financial statements and our auditor's report thereon.

- Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 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 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 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 the 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.

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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:



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- 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 Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with read with Companies (Indian Accounting Standards) Rules, 2015, as amended
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
- g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
- 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 Ind AS financial statements – Refer Note 27 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.

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069
Prateek Agrawal
Prateek Agrawal
Partner
Membership No. 402826



Signed at Gurgaon on May 26, 2020
UDIN: 20402826AAAAEL3008

Annexure 'A' to the Independent Auditors Report

[Refer to in our separate report of even date]

Annexure referred to under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date to the members of **CELSIA HOTELS PRIVATE LIMITED** on the financial statements for the year ended on March 31, 2020 and based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of accounts and other records examined by us in the normal course of audit, we report that:

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of the assets. As informed to us no material discrepancies were noticed in such physical verification.
- (c) Title deeds in respect of all immovable properties are held in the name of the company.
- II As explained to us physical verification has been conducted by the management at reasonable interval in respect of inventories of finished goods, stores, spares parts and raw material. However on account of Lockdown imposed by Government, we were not able to observe physical verification being conducted by the management at year end. In our opinion, the frequency of such verification is reasonable. We were explained that no material discrepancies have been noticed on physical verification.
- III According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii)(a) to 3(iii) (c) of the Order are not applicable to the Company.
- IV According to the information and explanations given to us, the Company has not given any loan to Directors or persons connected with them as per the provisions mentioned in section 185 of the Companies Act, 2013.
According to the information and explanations given to us, the Company has not made any investments during the year in accordance with the provisions of section 186 of the Companies Act, 2013. and As per Section 186 (11) read with Schedule VI,

provisions of Section 186 with respect to loans, securities and guarantees would not apply to the Company as the Company is providing infrastructural facilities

V According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there-under. Therefore, the provisions of para 3(v) of the Order are not applicable to the Company.

VI In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 for the services provided by the company.

VII a) According to the information and explanations given to us, the company is regular in depositing and based on our examination of the records of the company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Goods & Service tax, Sales Tax, Value added tax, Employee's State Insurance, duty of excise, duty of customs, Cess and other material statutory dues, have been generally regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Provident fund, Goods & Service tax, Sales Tax, Value added tax, Employee's State Insurance, duty of excise, duty of customs, Cess and other material statutory dues, were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the dues in respect of Income Tax, Goods & Service tax, Sales tax, Value added tax, Employee's State Insurance, duty of excise, duty of Customs, Cess and Service Tax etc. that have not been deposited with the appropriate authorities on account of any dispute are as follows:

| Name of the Statute | Nature of the Dues | Amount (in Rs. lakhs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|-----------------------------|-----------------------|------------------------------------|--------------------------------|
| Income Tax, Act 1961 | Income tax Demand us/143(3) | 16.40 (Note-i) | Financial Year 2013-14 | CIT-A |
| Finance Act, 1994 | Service tax demand | 83.89 (Note-ii) | July 2012 to March 2015 | Commissioner of Service tax |

- (i) Out of the above, the Company had deposited Rs.12.15 lakhs as a pre-deposit
(ii) Out of the above, the Company had deposited Rs.6.29 lakhs as a pre-deposit

- VIII In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings from any financial institution or bank or Government. Further, the Company has not issued Debentures hence no comment is offered with respect to repayment of dues to debenture-holders.
- IX According to the information and explanations given to us, term loans have been applied for the purpose for which the loans were obtained by the company. The company has not raised any money during the year by way of initial or further public offer.
- X According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- XI According to information and explanation given to us, Provisions of section 197 read with schedule V are not applicable to the Company.
- XII As explained, the Company is not a Nidhi company. Therefore, the provisions of para 3(xii) of the Order are not applicable to the Company.
- XIII According to the information and explanations given to us, we are of the opinion that all related party transaction are in compliance with Section 188 and Section 177 of the Companies Act 2013 is not applicable. Necessary disclosure have been made in the financial statements as required by the applicable accounting standards.



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- XIV According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- XV According to the information and explanations given to us, no non-cash transactions with Directors or persons connected with him have been noticed or reported during the year as per the provisions of Section 192 of Companies Act, 2013.
- XVI The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal

Partner,

Membership # 402826

Signed at Gurgaon on May 26, 2020

UDIN:20402826 AAAAEL3008



Annexure 'B' to the Independent Auditors Report

[Refer to in our separate report 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 **CELSIA HOTELS PRIVATE LIMITED ("the Company")** as of March 31, 2020 in conjunction with our audit of 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 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") and the Standards on Auditing as specified 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 internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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, 2020, 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 Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal
Partner,
Membership No 402826
Signed at Gurgaon on May 26, 2020
UDIN: 20402826AAAAEL3008



Celsia Hotels Private Limited
Balance Sheet as at March 31, 2020

| | Note | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 7,659.79 | 7,814.01 |
| (b) Intangible assets | 4 | 1.42 | 1.29 |
| (c) Financial assets | 5 | | |
| (i) Investments | | 3,300.00 | 3,300.00 |
| (ii) Other non-current financial assets | | 24.69 | 27.81 |
| (d) Non-current tax assets | | 109.11 | 5.75 |
| | | <u>11,095.01</u> | <u>11,148.86</u> |
| Current assets | | | |
| (a) Inventories | 6 | 47.00 | 45.72 |
| (b) Financial assets | 7 | | |
| (i) Trade receivables | | 66.36 | 198.07 |
| (ii) Cash and Cash equivalents | | 117.97 | 182.36 |
| (iii) Other current financial assets | | 19.50 | 16.70 |
| (c) Other current assets | 8 | 66.82 | 58.47 |
| | | <u>317.65</u> | <u>501.32</u> |
| Total Assets | | <u><u>11,412.66</u></u> | <u><u>11,650.18</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 9 | 3.53 | 3.53 |
| (b) Other Equity | 10 | 6,731.10 | 6,366.88 |
| Total Equity | | <u>6,734.63</u> | <u>6,370.41</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | 11 | | |
| (i) Borrowings | | 3,569.73 | 3,963.12 |
| (b) Long term provisions | 12 | 6.24 | 5.32 |
| (c) Deferred tax liabilities (net) | 13 | 260.19 | 196.29 |
| | | <u>3,836.16</u> | <u>4,164.73</u> |
| Current liabilities | | | |
| (a) Financial liabilities | 14 | | |
| (i) Trade payables | | 326.26 | 364.75 |
| (ii) Other current financial liabilities | | 467.04 | 681.02 |
| (b) Other current liabilities | 15 | 45.99 | 63.68 |
| (c) Provisions | 12 | 2.58 | 5.59 |
| | | <u>841.87</u> | <u>1,115.04</u> |
| Total Liabilities | | <u>4,678.03</u> | <u>5,279.77</u> |
| Total Equity and Liabilities | | <u><u>11,412.66</u></u> | <u><u>11,650.18</u></u> |

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal
Partner
Membership No. 402826



For and on behalf of the Board of Directors of
Celsia Hotels Private Limited


Davander Tomar
Director
DIN: 00013336


Rajesh Kumar
Director
DIN: 05251730

Place : Gurgaon
Date : May 26, 2020

Place : New Delhi
Date : May 26, 2020

Celsia Hotels Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

| | Note | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|------|-------------------------------|-------------------------------|
| Revenue from operations | 16 | 2,922.13 | 3,093.47 |
| Other income | 17 | 44.46 | 3.33 |
| Total Income | | 2,966.59 | 3,096.80 |
| Expenses | | | |
| Cost of food and beverages consumed | 18 | 270.98 | 307.61 |
| Employee benefits expense | 19 | 550.87 | 526.84 |
| Other expenses | 20 | 1,020.05 | 983.83 |
| Total expenses | | 1,841.90 | 1,818.28 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | 1,124.69 | 1,278.52 |
| Finance costs | 21 | 443.08 | 496.98 |
| Depreciation and amortization expense | 22 | 175.43 | 235.04 |
| Finance income | 23 | (7.23) | (2.33) |
| Profit before tax | | 513.41 | 548.83 |
| Tax expense: | | | |
| (1) Current tax | | 125.86 | 117.37 |
| (2) Adjustment of tax relating to earlier periods | | 2.57 | 0.81 |
| (3) Deferred tax | | 20.91 | 7.92 |
| Profit for the year | | 364.07 | 422.73 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or | | | |
| Remeasurements of defined benefit plans | | 0.21 | 0.21 |
| Income tax relating to items that will not be reclassified to profit or loss | | (0.06) | (0.06) |
| Total Comprehensive Income for the year | | 364.22 | 422.88 |
| Earnings per equity share: | | | |
| (1) Basic | 24 | 103.27 | 119.90 |
| (2) Diluted | 24 | 103.27 | 119.90 |

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal
Partner
Membership No. 402826



For and on behalf of the Board of Directors of
Celsia Hotels Private Limited

Davander Tomar
Davander Tomar
Director

DIN: 00013336

Rajesh Kumar
Rajesh Kumar
Director

DIN: 05251730

Place : Gurgaon
Date : May 26, 2020

Place : New Delhi
Date : May 26, 2020

Celsia Hotels Private Limited
Statement of Changes in Equity

A. Equity Share Capital

Equity shares of INR 1 each issued, subscribed and fully paid

At April 1, 2018

Issue of share capital

At March 31, 2019

Issue of share capital

At March 31, 2020

| | No. of shares | Amount (Rs in lakhs) |
|------------------------|---------------|-------------------------|
| At April 1, 2018 | 352,677 | 3.53 |
| Issue of share capital | - | - |
| At March 31, 2019 | 352,677 | 3.53 |
| Issue of share capital | - | - |
| At March 31, 2020 | 352,677 | 3.53 |

B. Other Equity

For the year ended March 31, 2020

Rs in lakhs

| | Reserves and Surplus | | | Other Equity |
|---|----------------------|--------------------|-------------------|--------------|
| | Capital reserve | Securities Premium | Retained Earnings | |
| Balance at April 1, 2018 | 7.16 | 3,614.77 | 2,322.07 | 5,944.00 |
| Total Comprehensive Income for the year | - | - | 422.88 | 422.88 |
| Any other change | - | - | - | - |
| Balance at March 31, 2019 | 7.16 | 3,614.77 | 2,744.95 | 6,366.88 |
| Total Comprehensive Income for the year | - | - | 364.22 | 364.22 |
| Balance at March 31, 2020 | 7.16 | 3,614.77 | 3,109.17 | 6,731.10 |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

For and on behalf of the Board of Directors of
Celsia Hotels Private Limited

Prateek Agrawal

Prateek Agrawal
Partner
Membership No. 402826



Davander Tomar

Davander Tomar
Director
DIN: 00013336

Rajesh Kumar

Rajesh Kumar
Director
DIN: 05251730

Place : Gurgaon
Date : May 26, 2020

Place : New Delhi
Date : May 26, 2020

Celsia Hotels Private Limited
Cash flow statement for the year ended March 31, 2020

| | For the year ended March 31, 2020 (Rs in lakhs) | For the year ended March 31, 2019 (Rs in lakhs) |
|---|---|---|
| A. Cash flow from operating activities | | |
| Profit before tax | 513.41 | 548.83 |
| Non-cash adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortisation expenses | 175.43 | 235.04 |
| Finance income (including fair value change in financial instruments) | (0.64) | (0.60) |
| Finance costs (including fair value change in financial instruments) | 415.32 | 462.60 |
| Provision for gratuity | 1.13 | 1.57 |
| Provision for leave encashment | (3.01) | (0.19) |
| Net (gain)/ loss on sale of current investments | (6.59) | - |
| Operating profit before working capital changes: | 1,095.05 | 1,247.25 |
| Movements in working capital: | | |
| Change in trade receivables | 131.71 | 50.65 |
| Change in loans and advances and other current assets | (8.03) | (23.13) |
| Change in inventories | (1.28) | (16.38) |
| Change in liabilities and provisions | (50.21) | 5.08 |
| Cash Generated from Operations | 1,167.24 | 1,263.47 |
| Direct taxes paid (net of refunds) | (188.86) | (78.74) |
| Net cash flow from operating activities (A) | 978.38 | 1,184.73 |
| B. Cash flows used in investing activities | | |
| Purchase of Property, plant and equipment | (21.34) | (54.72) |
| Purchase of current investment | (195.00) | - |
| Sale of current investment | 201.59 | - |
| Interest received | 0.64 | 0.60 |
| Net Cash flow used in investing activities (B) | (14.11) | (54.12) |
| C. Cash flows used in financing activities | | |
| (Repayment) from long term borrowings | (613.34) | (634.74) |
| Interest paid | (415.32) | (462.60) |
| Net Cash used in financing activities (C) | (1,028.66) | (1,097.34) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | (64.39) | 33.27 |
| Cash and cash equivalents at the beginning of the year | 182.36 | 149.09 |
| Cash and cash equivalents at the end of the year | 117.97 | 182.36 |
| Components of cash and cash equivalents | | |
| Cash on Hand | 1.83 | 2.09 |
| Balances with Scheduled Banks in | | |
| - Current accounts | 116.14 | 180.27 |
| Total cash and cash equivalents | 117.97 | 182.36 |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal
Partner
Membership No. 402826



For and on behalf of the Board of Directors of
Celsia Hotels Private Limited

Davander Tomar
Director
DIN: 00013336

Rajesh Kumar
Director
DIN: 05251730

Place : Gurgaon
Date : May 26, 2020

Place : New Delhi
Date : May 26, 2020

1. Corporate Information

Celsia Hotels Private Limited (the Company) is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The principal activities of the Company is to carry out business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 26, 2020.

2 Basis of preparation

2.1 Significant accounting policies

These financial statements are prepared in accordance with Indian Accounting Standard (IndAS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value/ amortised cost (refer note 32 below)

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing account standard required a change to the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to upto two decimal places to the nearest lakhs, except where otherwise indicated.

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- 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 held primarily for the purpose of trading
- 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



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

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 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 — 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 25)
- Contingent consideration (note 27)
- Quantitative disclosures of fair value measurement hierarchy (note 29)
- Financial instruments (including those carried at amortised cost) (note 29)



(d) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative catch-up transition method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied only to contracts that are not completed as at the date of initial application.

In arrangements for room revenue and related services, the Company has applied the guidance in Ind AS 115 for recognition of Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering room revenue and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT) and Luxury Tax. Shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT.

Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.



Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included



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Notes to financial statements for the year ended March 31, 2020

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(f) Property, plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

| Fixed Assets | Useful life considered (SLM) |
|------------------------|------------------------------|
| Building | 60 Years |
| Plant & Machinery | 15 Year |
| Electrical Fittings | 10 Years |
| Electrical Equipment | 10 Years |
| Office Equipment | 5 Years |
| Furniture and Fixtures | 8 Years |
| Vehicles | 6 Years |
| Computers | 3 Years |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

(g) Intangible assets

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Intangible asset.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised



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Notes to financial statements for the year ended March 31, 2020

development costs, are not capitalised 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 3 years and the same shall be amortised on Straight line basis over its useful life.

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 income statement when the asset is derecognized.

(h) **Borrowing costs**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(i) **Inventories**

Stock of food & beverages, stores and operating supplies are valued at lower of cost and net realisable Value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make sale.

(j) **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 exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair valueless costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset or CGU exceeds its



recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Provisions

General

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 a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already



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Notes to financial statements for the year ended March 31, 2020

paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Company's contribution made to Life Insurance Corporation is expenses off at the time of payment of premium.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The company treats leaves expected to be carried forward for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(m) Financial instruments

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.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following



categories:

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

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.

This category is the most relevant to the Company. 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 etc.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

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 designate 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'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



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Notes to financial statements for the year ended March 31, 2020

Equity instruments

All equity investments (other than equity investments in subsidiaries) in scope of Ind AS 109 are measured at fair value. Equity instruments in subsidiaries are carried at cost in separate financial statements less impairments if any. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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 consolidated 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.

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, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

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 reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as



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Notes to financial statements for the year ended March 31, 2020

income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:
Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such 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



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Notes to financial statements for the year ended March 31, 2020

P&L. 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 or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

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

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

This category generally applies to borrowings. For more information refer Note 11.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

(n) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(o) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

3 Property, plant and equipment

| Particulars | Rs. in lakhs | | | | | | | | | |
|--------------------------|---------------|---------------------------|---------------------|---------------------|-----------------------|-------------------|------------------------|-----------|----------|----------|
| | Freehold land | Building on freehold land | Plant and Machinery | Electrical fittings | Electrical equipments | Office equipments | Furniture and Fixtures | Computers | Vehicles | Total |
| Cost or valuation | | | | | | | | | | |
| At April 1, 2018 | 3,196.53 | 4,398.56 | 656.45 | 274.76 | 119.22 | 1.25 | 152.06 | 8.49 | 15.75 | 8,823.07 |
| Additions | - | - | 7.09 | - | 4.28 | - | 43.20 | 0.15 | - | 54.72 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| At March 31, 2019 | 3,196.53 | 4,398.56 | 663.54 | 274.76 | 123.50 | 1.25 | 195.26 | 8.64 | 15.75 | 8,877.79 |
| Additions | - | - | 2.86 | 3.31 | 2.92 | - | 8.95 | 2.65 | - | 20.69 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| At March 31, 2020 | 3,196.53 | 4,398.56 | 666.40 | 278.07 | 126.42 | 1.25 | 204.20 | 11.29 | 15.75 | 8,898.48 |
| Depreciation | | | | | | | | | | |
| At April 1, 2018 | - | 241.94 | 201.19 | 178.56 | 49.30 | 0.90 | 148.68 | 5.29 | 3.49 | 829.35 |
| Charge for the year | - | 80.60 | 67.34 | 59.77 | 18.70 | 0.23 | 3.87 | 1.69 | 2.23 | 234.43 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| At March 31, 2019 | - | 322.54 | 268.53 | 238.33 | 68.00 | 1.13 | 152.55 | 6.98 | 5.72 | 1,063.78 |
| Charge for the year | - | 76.70 | 52.79 | 25.34 | 12.16 | 0.06 | 4.99 | 1.12 | 1.75 | 174.91 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| At March 31, 2020 | - | 399.24 | 321.32 | 263.67 | 80.16 | 1.19 | 157.54 | 8.10 | 7.47 | 1,238.69 |
| Net Book value | | | | | | | | | | |
| At March 31, 2020 | 3,196.53 | 3,999.32 | 345.08 | 14.41 | 46.26 | 0.06 | 46.66 | 3.19 | 8.28 | 7,659.79 |
| At March 31, 2019 | 3,196.53 | 4,076.02 | 395.01 | 36.43 | 55.50 | 0.12 | 42.71 | 1.66 | 10.03 | 7,814.01 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

| Particulars | Rs in lakhs | |
|--------------------------|-------------|-------|
| | Software | Total |
| Cost or valuation | | |
| At April 1, 2018 | 4.87 | 4.87 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2019 | 4.87 | 4.87 |
| Additions | 0.65 | 0.65 |
| Disposals | - | - |
| At March 31, 2020 | 5.52 | 5.52 |
| Amortisation | | |
| At April 1, 2018 | 2.97 | 2.97 |
| Amortisation | 0.61 | 0.61 |
| Disposals | - | - |
| At March 31, 2019 | 3.58 | 3.58 |
| Amortisation | 0.52 | 0.52 |
| Disposals | - | - |
| At March 31, 2020 | 4.10 | 4.10 |
| Net Block | | |
| At March 31, 2020 | 1.42 | 1.42 |
| At March 31, 2019 | 1.29 | 1.29 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

5 Financial assets

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| (i) Investments | | |
| 16,665,000 (Previous year 16,665,000) Investment in Equity shares of Iora Hotels Private Limited of Re. 1 each fully paid. | 3,300.00 | 3,300.00 |
| | <u>3,300.00</u> | <u>3,300.00</u> |
| Aggregate amount of unquoted investments | 3,300.00 | 3,300.00 |
| Non-Current | <u>3,300.00</u> | <u>3,300.00</u> |
| | <u>3,300.00</u> | <u>3,300.00</u> |

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| (ii) Other non-current financial assets | | |
| Security Deposits | 14.18 | 17.30 |
| Deposits paid under protest | 6.29 | 6.29 |
| Other bank balances | 4.22 | 4.22 |
| | <u>24.69</u> | <u>27.81</u> |
| | <u>24.69</u> | <u>27.81</u> |



Celsia Hotels Private Limited

Notes to financial statements for the year ended March 31, 2020

6 Inventories

(valued at lower of cost and net realisable value)

| | As At March 31, 2020 Rs in lakhs | As At March 31, 2019 Rs in lakhs |
|---|--|--|
| Food and beverages (excluding liquor and wine) | 12.89 | 7.86 |
| Liquor and wine | 5.70 | 4.25 |
| Stores, cutlery, crockery, linen, provisions and others | 28.41 | 33.61 |
| Total | 47.00 | 45.72 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

7 Financial assets

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|------------------------------|--|--|
| (i) Trade receivables | | |
| Unsecured, considered good | 66.36 | 198.07 |
| | <u>66.36</u> | <u>198.07</u> |

Break-up for security details:

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|----------------------------|--|--|
| Trade receivables | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 66.36 | 198.07 |
| | <u>66.36</u> | <u>198.07</u> |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. The interest free credit period given to customers is upto 90 days.

(ii) Cash and cash equivalents

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|---------------------------|--|--|
| Balance with banks | | |
| On current accounts | 116.14 | 180.27 |
| Cash on hand | 1.83 | 2.09 |
| | <u>117.97</u> | <u>182.36</u> |

At March 31, 2020, the Company had available Rs. Nil (March 31, 2019: Rs. Nil lakh) of undrawn committed borrowing facilities.

(iii) Other current financial assets

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|------------------------------------|--|--|
| Security deposit | 14.34 | 12.12 |
| Interest accrued on fixed deposits | 5.16 | 4.58 |
| | <u>19.50</u> | <u>16.70</u> |

8 Other current assets

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| Advances recoverable in cash or kind | 10.80 | 51.37 |
| Balance with statutory/ government authorities | 48.27 | 0.15 |
| Prepaid Expenses | 7.75 | 6.95 |
| | <u>66.82</u> | <u>58.47</u> |



9 Equity Share capital

Authorised Share Capital

| | Equity shares | | Preference shares | |
|-------------------------------------|---------------|-------------|-------------------|-------------|
| | No. of shares | Rs in lakhs | No. of shares | Rs in lakhs |
| At April 1, 2018 | 400,000 | 4.00 | 5,000,000 | 5,000.00 |
| Increase/(decrease) during the year | - | - | - | - |
| At March 31, 2019 | 400,000 | 4.00 | 5,000,000 | 5,000.00 |
| Increase/(decrease) during the year | - | - | - | - |
| At March 31, 2020 | 400,000 | 4.00 | 5,000,000 | 5,000.00 |

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Issued equity capital

Equity shares of INR 1 each issued, subscribed and fully paid

| | No. of shares | Rs in lakhs |
|-------------------------------------|---------------|-------------|
| At April 1, 2018 | 352,677 | 3.53 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2019 | 352,677 | 3.53 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2020 | 352,677 | 3.53 |

Shares held by holding company

| | As at March 31, 2020 | | As At March 31, 2019 | |
|------------------------------|-------------------------|-------------|-------------------------|-------------|
| | No. of shares | Rs in lakhs | No. of shares | Rs in lakhs |
| Fleur Hotels Private Limited | 352,677 | 3.53 | 352,677 | 3.53 |

Details of shareholders holding more than 5% shares in the company

| | As at March 31, 2020 | | As at March 31, 2019 | |
|------------------------------|-------------------------|---------|-------------------------|---------|
| | No. of shares | % held | No. of shares | % held |
| Fleur Hotels Private Limited | 352,677 | 100.00% | 352,677 | 100.00% |

The Company has not issued Bonus Share, Share for consideration other than Cash and has not bought back shares during the period of five years immediately preceding the reporting date.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

10 Other equity

| Securities Premium | Rs in lakhs |
|-------------------------------------|-------------|
| At April 1, 2018 | 3,614.77 |
| Increase/(decrease) during the year | - |
| At March 31, 2019 | 3,614.77 |
| Increase/(decrease) during the year | - |
| At March 31, 2020 | 3,614.77 |

| Retained Earnings | Rs in lakhs |
|----------------------------|-------------|
| At April 1, 2018 | 2,322.07 |
| Profit/(loss) for the year | 422.88 |
| At March 31, 2019 | 2,744.95 |
| Profit for the year | 364.22 |
| At March 31, 2020 | 3,109.17 |

Capital Reserve (Equity component of loan from holding company)

| | Rs in lakhs |
|-------------------------------------|-------------|
| At April 1, 2018 | 7.16 |
| Increase/(decrease) during the year | - |
| At March 31, 2019 | 7.16 |
| Increase/(decrease) during the year | - |
| At March 31, 2020 | 7.16 |

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| Other reserves | | |
| Securities Premium | 3,614.77 | 3,614.77 |
| Retained Earnings | 3,109.17 | 2,744.95 |
| Capital Reserve (Equity component of loan from holding company) | 7.16 | 7.16 |
| | <u>6,731.10</u> | <u>6,366.88</u> |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

11 Borrowings

| | Effective interest rate % | Maturity | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|---------------------------------|-----------|--|--|
| Non-current borrowings | | | | |
| Term Loans | | | | |
| Indian rupee loans from Banks (Secured) | | | | |
| Kotak Mahindra Bank Limited (Refer note 1 below) | 9.23% | 2025-2026 | 3,566.74 | 3,959.61 |
| Vehicle loans (Refer note 2 below) | 10% to 12% | 2022 | 2.99 | 3.51 |
| Total non-current borrowings | | | 3,569.73 | 3,963.12 |
| Current borrowings | | | | |
| Term Loans | | | | |
| Current maturity of long term loans | | | | |
| Kotak Mahindra Bank Limited (Refer note 1 below) | 9.23% | 2025-2026 | 390.47 | 609.20 |
| Vehicle loans (Refer note 2 below) | 10% to 12% | 2022 | 0.93 | 2.15 |
| Total current borrowings | | | 391.40 | 611.35 |
| Less: Amount clubbed under "other current financial liabilities" | | | (391.40) | (611.35) |
| Net current borrowings | | | - | - |

Term loans

1.) Rupee term loan for repayment of unsecured loans infused by Holding company: The bank shall be entitled to vary/change the rate of interest from time to time or method of computation of such rate or to charge an additional or penal rate by sending to the company an intimation in this regard. The loan is secured by first and exclusive charge on all existing and future current assets and moveable fixed assets of the company, first and exclusive equitable charge on immovable properties being land and building situated at 54B/55A Hosur Main road Electronic city Phase I Bangalore Karnataka belonging to the company and Corporate guarantee of the Holding Company (Fleur Hotels Pvt Ltd.). Loan shall be repaid by way of 120 equal monthly installments starting from month following the month of first disbursement of loan.

2.) Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans. The loan is repaid on agreed monthly installments.

12 Provisions

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|-------------------------------|--|--|
| Provision for gratuity | | |
| Current | 7.80 | 6.88 |
| Non-current | 1.56 | 1.56 |
| | 6.24 | 5.32 |

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|-------------------------------------|--|--|
| Provision for leave benefits | | |
| Current | 1.02 | 4.03 |
| Non-current | 1.02 | 4.03 |
| | - | - |

Total current
Total non-current

| | |
|-------------|-------------|
| 2.58 | 5.59 |
| 6.24 | 5.32 |



Celsia Hotels Private Limited

Notes to financial statements for the year ended March 31, 2020

13 Deferred tax liabilities (net)

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| Property Plant & Equipment | 636.76 | 613.25 |
| Amortisation of transaction cost | 10.97 | 8.30 |
| Deferred tax liabilities | 647.73 | 621.55 |
| Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis | 11.91 | 6.06 |
| Provision for Gratuity | 2.17 | 1.91 |
| Provision for Leave compensation | 0.28 | 1.12 |
| MAT Credit Entitlement | 373.18 | 416.17 |
| Deferred tax assets | 387.54 | 425.26 |
| Deferred tax liabilities (net) | 260.19 | 196.29 |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Profit/(loss) before tax | 513.41 | 548.83 |
| Tax rate | 27.82% | 27.82% |
| Tax at statutory income tax rate | 142.83 | 152.69 |
| Effect of incomes taxable at nil/lower rate | - | (27.50) |
| Effect of non-deductible expenses | 0.92 | 0.10 |
| Tax Effect of expenses/ income not allowed/ required to tax under Income tax charge/ (credit) in respect of | 5.59 | 0.81 |
| Net | 149.34 | 126.10 |



Celsia Hotels Private Limited**Notes to financial statements for the year ended March 31, 2020****14 Financial liabilities**

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|---|--|--|
| (i) Trade payables | | |
| -Micro and small enterprises | 22.26 | 21.46 |
| -Other than Micro and small enterprises | 304.00 | 343.29 |
| | <u>326.26</u> | <u>364.75</u> |

(ii) Other current financial liabilities

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|--|--|--|
| Current maturities of long-term borrowings | 391.40 | 611.35 |
| Outstanding dues of other creditors | 75.64 | 69.67 |
| | <u>467.04</u> | <u>681.02</u> |

15 Other current liabilities

| | As at March 31, 2020 Rs in lakhs | As at March 31, 2019 Rs in lakhs |
|------------------------|--|--|
| Advance from customers | 17.61 | 34.78 |
| Statutory Dues | 28.38 | 28.90 |
| | <u>45.99</u> | <u>63.68</u> |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

16 Revenue from operations

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|---|-------------------------------|-------------------------------|
| Revenue from operations | | |
| Sale of products and services | | |
| - Room rental | 1,976.27 | 2,056.46 |
| - Food and beverage (excluding liquor and wine) | 545.46 | 591.23 |
| - Liquor and wine | 100.02 | 117.47 |
| - Banquet rentals | 21.45 | - |
| - Telephone and telex | 4.02 | 5.80 |
| - Other Services | 274.91 | 322.51 |
| | 2,922.13 | 3,093.47 |

17 Other income

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|----------------------|-------------------------------|-------------------------------|
| Sale of SEIS license | 42.28 | - |
| Miscellaneous income | 2.18 | 3.33 |
| | 44.46 | 3.33 |

18 Cost of food and beverages consumed

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| (a) Consumption of food & beverages excluding liquor & wine | | |
| Inventory at the beginning of the year | 7.86 | 3.79 |
| Add: Purchases | 234.80 | 265.17 |
| | 242.66 | 268.96 |
| Less: Inventory at the end of the year | 12.89 | 7.86 |
| Cost of food and beverage consumed | 229.77 | 261.10 |
| (b) Consumption of liquor , Wine & Smokes | | |
| Inventory at the beginning of the year | 4.25 | 5.55 |
| Add: Purchases | 42.66 | 45.21 |
| | 46.91 | 50.76 |
| Less: Inventory at the end of the year | 5.70 | 4.25 |
| Cost of liquor and wine consumed | 41.21 | 46.51 |
| | 270.98 | 307.61 |

19 Employee benefit expense

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Salaries, wages and bonus | 442.29 | 464.58 |
| Contribution to provident fund and other funds | 33.38 | 19.62 |
| Gratuity expense | 1.19 | 2.42 |
| Leave compensation expenses | (2.56) | 0.17 |
| Staff welfare expenses | 76.57 | 40.05 |
| | 550.87 | 526.84 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

20 Other expenses

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Consumption of stores, cutlery, crockery, linen, provisions and others | 52.95 | 58.12 |
| Power and fuel | 228.83 | 234.93 |
| Linen & uniform washing and laundry expenses | 18.91 | 21.61 |
| Guest transportation | 58.47 | 75.68 |
| Spa expenses | 18.90 | 20.06 |
| Subscription charges | 9.75 | 6.95 |
| Repair and maintenance | | |
| - Buildings | 64.21 | 35.02 |
| - Plant and machinery | 43.78 | 44.25 |
| - Others | 33.61 | 14.30 |
| Rates and taxes | 31.39 | 24.44 |
| Insurance | 3.62 | 5.18 |
| Communication costs | 27.75 | 32.48 |
| Printing and stationery | 13.07 | 13.03 |
| Traveling and conveyance | 4.66 | 4.49 |
| Vehicle running and maintenance | 0.80 | - |
| Advertisement and business promotion | 115.61 | 95.13 |
| Management Fee | 149.19 | 154.94 |
| Commission -other than sole selling agent | 87.87 | 79.00 |
| Security and cleaning expenses | 25.63 | 23.25 |
| Legal and professional fees | 10.34 | 9.46 |
| Freight and cartage | 2.37 | 3.56 |
| Payment to auditors | 1.00 | 1.00 |
| Miscellaneous expenses | 17.34 | 26.95 |
| | 1,020.05 | 983.83 |
| Payment to auditor | | |
| As auditor | 1.00 | 1.00 |
| for other services | - | - |
| | 1.00 | 1.00 |

21 Finance costs

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|---|-------------------------------|-------------------------------|
| Interest | | |
| - on term loans from banks | 411.71 | 461.75 |
| - on vehicle loans | 0.26 | 0.40 |
| - on others | 3.35 | 0.45 |
| Bank charges (including commission on credit card collection) | 27.76 | 34.38 |
| | 443.08 | 496.98 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

22 Depreciation and amortization expense

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|-----------------------------------|-------------------------------|-------------------------------|
| Depreciation of tangible assets | 174.91 | 234.43 |
| Amortization of intangible assets | 0.52 | 0.61 |
| | <u>175.43</u> | <u>235.04</u> |

23 Finance income

| | March 31, 2020 Rs in lakhs | March 31, 2019 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Interest Income on : | | |
| -Bank Deposits | 0.64 | 0.60 |
| - Interest on income tax refund | - | 1.73 |
| - Profit on sale of current investment | 6.59 | - |
| | <u>7.23</u> | <u>2.33</u> |

24 Earnings per Share (Basic And Diluted)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Profit after tax (Rs in lakhs) | 364.07 | 422.73 |
| Weighted Average Number of Equity Shares | 352,677 | 352,677 |
| Basic & Diluted EPS | 103.27 | 119.90 |

The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.



25. Estimation of Uncertainties related to global health pandemic on COVID-19

Critical judgements, estimates and assumptions

1. Impairment of property, plant and equipment

Each hotel property is an identifiable asset that generates cash inflows and is independent of the cash inflows of the other hotel properties, hence identified as cash generating units. The Company assesses the carrying amount of hotel properties (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Where the carrying amount of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

| Particulars | As at March 31, 2020 |
|---|-----------------------------|
| Discount Rate (<i>pre tax rate of WACC</i>) | 12.50% |
| Long Term Growth Rate | 5.50% |

As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the CGU.

2. Loss Allowance on trade receivables

An impairment analysis of trade receivables is performed at each reporting period based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates. In calculating expected credit loss, the Company has also considered the likelihood of consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2020 is considered adequate.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

26. Gratuity and other post-employment benefit plans

| | March 31, 2020 | <i>Rs in lakhs</i> March 31, 2019 |
|---|----------------|--------------------------------------|
| Present value of defined benefit obligation | 7.80 | 6.88 |
| Total | 7.80 | 6.88 |

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

| | Remeasurement gains/(losses) in other comprehensive income | | | | | | | Rs in lakhs | | | |
|----------------------------|--|--|---|---|------------------------|---------------------------|---------------------------|---------------|----------------|----------|-------------|
| | Gratuity cost charged to profit or loss | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | Contributions by employer | | March 31, 2020 | | |
| Defined benefit obligation | 6.88 | 1.34 | 0.48 | 1.82 | (0.07) | - | 0.23 | (1.06) | (0.83) | - | 7.80 |
| Fair value of plan assets | - | - | - | - | - | - | - | - | - | - | - |
| Benefit liability | 6.88 | 1.34 | 0.48 | 1.82 | (0.07) | - | 0.23 | (1.06) | (0.83) | - | 7.80 |

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2019:

| | Remeasurement gains/(losses) in other comprehensive income | | | | | | | Rs in lakhs | | | |
|----------------------------|--|--|---|---|------------------------|---------------------------|---------------------------|---------------|----------------|----------|-------------|
| | Gratuity cost charged to profit or loss | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | Contributions by employer | | March 31, 2019 | | |
| Defined benefit obligation | 5.52 | 1.16 | 0.40 | 1.56 | - | - | 0.07 | (0.27) | (0.20) | - | 6.88 |
| Fair value of plan assets | - | - | - | - | - | - | - | - | - | - | - |
| Benefit liability | 5.52 | 1.16 | 0.40 | 1.56 | - | - | 0.07 | (0.27) | (0.20) | - | 6.88 |



Celsia Hotels Private Limited

Notes to financial statements for the year ended March 31, 2020

The major categories of plan assets of the fair value of the total plan assets are as follows:

| | March 31, 2020 | March 31, 2019 |
|---|-------------------|-------------------|
| Unquoted investments: | | |
| Asset invested in insurance scheme with the LIC | - | - |
| Total | - | - |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Discount rate: | % | % |
| Pension plan | 6.10% | 7.00% |
| Future salary increases: | | |
| Pension plan | 5.00% | 5.00% |
| Life expectation for pensioners: | Years | Years |
| Pension plan | | |
| Male | 60 | 60 |
| Female | 60 | 60 |

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

India gratuity plan:

| | March 31, 2020 | March 31, 2020 | <i>Rs in lakhs</i> March 31, 2020 | |
|--------------------------------------|----------------------|-------------------|---|-------------------|
| Assumptions | Discount rate | | Future salary increases | |
| Sensitivity Level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 0.25 | (0.27) | 0.27 | (0.26) |
| | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 |
| Assumptions | Discount rate | | Future salary increases | |
| Sensitivity Level | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on defined benefit obligation | 0.22 | (0.24) | 0.24 | (0.23) |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

The following payments are expected contributions to the defined benefit plan in future years:

Rs in lakhs

| Duration (Years) | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------|--------------------------------------|--------------------------------------|
| 1 | 1.91 | 1.62 |
| 2 | 1.57 | 1.40 |
| 3 | 1.34 | 1.24 |
| 4 | 1.12 | 1.05 |
| 5 | 0.91 | 0.85 |
| Above 5 | 2.96 | 2.81 |
| Total expected payments | 9.81 | 8.97 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (March 31, 2020: 5 years).

27. Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At March 31, 2020, the Company had NIL commitments (March 31, 2019: Rs NIL)

b. Contingent liabilities

Claims against the Company not acknowledged as debts

Rs in lakhs

| | | As at March 31, 2020 | As at March 31, 2019 |
|----|---|-------------------------|-------------------------|
| b. | Demand raised under section 143(3) of Income Tax act, 1961 (Rs. 12.15 lakhs/- deposited under dispute) | 16.40 | 16.40 |
| c. | Service tax demand raised under Finance Act, 1994 for the period from July 2012 to March, 2015 (Rs. 6.29 lakhs/- deposited under dispute) | 83.89 | 83.89 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

28. Related Party Transactions

a) Names of related parties where control exists irrespective of whether transactions have occurred,

| | |
|---|--|
| Ultimate Holding company | - Lemon Tree Hotels Limited |
| Holding Company | - Fleur Hotels Private Limited |
| Fellow subsidiary companies | - Iora Hotels Private Limited - Inova Hotels & Resorts Limited - Hyacinth Hotels Private Limited |
| Enterprise in which holding company has significant influence | - Mind Leaders Learning India Private Limited - Hamstede Living Private Limited |
| Key Management Personnel | - Mr. Davander Tomar (Director) - Mr. Rajesh Kumar (Director) |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

| Transactions with Related Party | Year Ended | Ultimate holding company | Holding company | Fellow subsidiary | Rs in Lakhs | |
|--|------------|--------------------------|-----------------|-------------------|---|--|
| | | | | | Enterprise in which Holding company has significant influence | |
| Reimbursement of expenses paid on behalf of party | | | | | | |
| Lemon Tree Hotels Limited | 31-Mar-20 | 0.99 | - | - | - | |
| | 31-Mar-19 | 0.89 | - | - | - | |
| Amount Received on behalf of party | | | | | | |
| Lemon Tree Hotels Limited | 31-Mar-20 | - | | | | |
| | 31-Mar-19 | 1.60 | | | | |
| Fleur Hotels Private Limited | 31-Mar-20 | | - | | | |
| | 31-Mar-19 | - | 1.79 | | | |
| Inovoa Hotels & Resorts Limited | 31-Mar-20 | | | 0.20 | | |
| | 31-Mar-19 | - | | 0.43 | | |
| Amount received by the company | | | | | | |
| Hyacinth Hotels Pvt. Ltd. | 31-Mar-20 | | | - | | |
| | 31-Mar-19 | - | | 0.35 | | |
| Lemon Tree Hotels Limited | 31-Mar-20 | 2.18 | | | | |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

| Transactions with Related Party | Year Ended | Ultimate holding company | Holding company | Fellow subsidiary | Enterprise in which Holding company has significant influence |
|--|------------|--------------------------|-----------------|-------------------|---|
| | 31-Mar-19 | - | | | |
| Fleur Hotels Private Limited | 31-Mar-20 | | 0.28 | | |
| | 31-Mar-19 | - | - | | |
| Sale of Goods and Services | | | | | |
| | | | | | |
| Hamstede Living Private Limited | 31-Mar-20 | | | | 0.42 |
| | 31-Mar-19 | | | | - |
| Loans (taken) | | | | | |
| | | | | | |
| Fleur Hotels Private Limited | 31-Mar-20 | | 35.00 | | |
| | 31-Mar-19 | - | 99.65 | - | - |
| Loan (Repaid) | | | | | |
| | | | | | |
| Fleur Hotels Private Limited | 31-Mar-20 | | 35.00 | | |
| | 31-Mar-19 | - | 170.00 | - | - |
| Management Fees paid (Net of Taxes) | | | | | |
| | | | | | |
| Lemon Tree Hotels Limited | 31-Mar-20 | 255.90 | | | |
| | 31-Mar-19 | 263.16 | - | - | - |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

| Transactions with Related Party | Year Ended | Ultimate holding company | Holding company | Fellow subsidiary | Enterprise in which Holding company has significant influence |
|--|------------|--------------------------|-----------------|-------------------|---|
| Training expenses paid (Net of Taxes) | | | | | |
| Mind Leaders Learning India Private Limited | 31-Mar-20 | - | - | - | 4.84 |
| | 31-Mar-19 | - | - | - | 2.36 |
| Balances outstanding at the year end- Other current liabilities | | | | | |
| Lemon Tree Hotels Limited | 31-Mar-20 | 103.92 | - | - | - |
| | 31-Mar-19 | 50.74 | - | - | - |
| Mind Leaders Learning India Private Limited | 31-Mar-20 | - | - | - | 0.77 |
| | 31-Mar-19 | - | - | - | 0.21 |
| Balances outstanding at the year end- Non-current Investments | | | | | |
| Iora Hotels Private Limited | 31-Mar-20 | - | - | 3,300.00 | - |
| | 31-Mar-19 | - | - | 3,300.00 | - |



Celsia Hotels Private Limited**Notes to financial statements for the year ended March 31, 2020****29. Fair value measurement**

This section gives an overview of the significance of financial instruments for the company and provides additional information on the balance sheet. Details of 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.

a. Financial Assets*Rs in lakhs*

| | March 31, 2020 | | March 31, 2019 | |
|--|-----------------|----------------|-----------------|----------------|
| | FVTPL | Amortised Cost | FVTPL | Amortised Cost |
| Financial Assets | | | | |
| Trade Receivables | - | 66.36 | - | 198.07 |
| Security Deposits (non-current) | - | 20.47 | - | 23.59 |
| Security Deposits (current) | - | 14.34 | - | 12.12 |
| Other bank balances | - | 4.22 | - | 4.22 |
| Cash and Cash Equivalents | - | 117.97 | - | 182.36 |
| Interest accrued on deposit with banks | - | 5.16 | - | 4.58 |
| Investments | 3,300.00 | | 3,300.00 | - |
| Total Financial Assets | 3,300.00 | 228.52 | 3,300.00 | 424.94 |

b. Financial Liabilities*Rs in lakhs*

| | March 31, 2020 | | March 31, 2019 | |
|-------------------------------------|----------------|-----------------|----------------|-----------------|
| | FVTPL | Amortised Cost | FVTPL | Amortised Cost |
| Borrowings (Non-current) | - | 3,569.73 | - | 3,963.12 |
| Trade Payables | - | 326.25 | - | 364.74 |
| Other Current Financial Liabilities | - | 467.04 | - | 681.02 |
| Total Financial Liabilities | - | 4,363.02 | - | 5,008.88 |



c. Fair value measurement hierarchy for assets and liabilities

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:

i) Level 1

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) 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.

iii) 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.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Financial assets and liabilities measured at fair value

Rs in lakhs

| | March 31, 2020 | | | |
|---|----------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets as FVTPL | - | - | - | - |
| Investment in Equity share of Iora Hotels Private Limited | - | - | 3,300 | 3,300 |

Rs in lakhs

| | March 31, 2019 | | | |
|---|----------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets as FVTPL | - | - | - | - |
| Investment in Equity share of Iora Hotels Private Limited | - | - | 3,300 | 3,300 |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

30. Financial risk management objectives and policies

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 cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

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 of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company is carrying its borrowings primarily at variable rate. The Company expects the variable rate to decline, accordingly the Company is currently carrying its loans at variable interest rates.

Rs. In lakhs

| | March 31, 2020 | March 31, 2019 |
|--------------------------|----------------|----------------|
| Variable rate borrowings | 3,957.21 | 4,568.81 |
| Fixed rate borrowings | 3.93 | 5.66 |

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | Increase/decrease in basis points | Effect on profit before tax |
|--------------------|-----------------------------------|-----------------------------|
| | | <i>Rs. In lakhs</i> |
| 31-March-20 | | |
| Rs | 50 | 21.78 |
| Rs | -50 | (21.78) |
| 31-March-19 | | |
| Rs | 50 | 28.21 |
| Rs | -50 | (28.21) |

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.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

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 deposits to landlords) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Company does not hold collateral as security.

| Ageing | <i>Rs. in lakhs</i> | |
|-----------------------|---------------------|-------------|
| | 31-March-20 | 31-March-19 |
| Not due | | |
| 0-60 days past due | 55.06 | 89.68 |
| 61-120 days past due | 5.89 | 69.00 |
| 121-180 days past due | 1.85 | 14.93 |
| 180-365 days past due | 0.37 | 10.74 |
| 365-730 days past due | 2.27 | 13.72 |
| more than 730 days | 0.91 | - |

Provision for doubtful debts (including provision for expected credit loss)

| Ageing | <i>Rs. in lakhs</i> | |
|-----------------------|---------------------|-------------|
| | 31-March-20 | 31-March-19 |
| Not due | - | - |
| 0-60 days past due | - | - |
| 61-120 days past due | - | - |
| 121-180 days past due | - | - |
| 180-365 days past due | - | - |
| more than 365 days | - | - |



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

Reconciliation of provision for doubtful debts – Trade receivables (including provision for expected credit loss)

| Particulars | Rs. in lakhs | |
|--------------------------|--------------|-------------|
| | 31-March-20 | 31-March-19 |
| Provision at beginning | - | - |
| Addition during the year | - | - |
| Reversal during the year | - | - |
| Utilised during the year | - | - |
| Provision at closing | - | - |

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2020, 31 March 2019.

Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. There are no undrawn borrowing facilities at the end of the reporting periods.



Celsia Hotels Private Limited
Notes to financial statements for the year ended March 31, 2020

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

Rs in lakhs

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|----------------------------------|---------------|--------------------|----------------|-----------------|---------------|-----------------|
| Year ended March 31, 2020 | | | | | | |
| Borrowings | - | - | 391.40 | 3,388.30 | 181.43 | 3,961.13 |
| Trade and other payables | 326.24 | - | - | - | - | 326.24 |
| Financial Liabilities | 75.63 | - | - | - | - | 75.64 |
| | 401.87 | - | 391.40 | 3,388.30 | 181.43 | 4,363.01 |
| Year ended March 31, 2019 | | | | | | |
| Borrowings | - | 97.85 | 528.83 | 3,174.98 | 772.80 | 4,574.46 |
| Trade and other payables | 364.74 | - | - | - | - | 364.74 |
| Other dues of other creditors | 69.67 | - | - | - | - | 69.67 |
| | 434.41 | 97.85 | 528.83 | 3,174.98 | 772.80 | 5,008.87 |



31. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade less cash and cash equivalents.

| | <i>Rs in lakhs</i> | |
|--|-----------------------|-----------------------|
| | March 31, 2020 | March 31, 2019 |
| Borrowings (Note 11 & 14) | 3,960.20 | 4574.47 |
| Trade payables (Note 14) | 326.26 | 364.75 |
| Less: cash and cash equivalents (Note 7) | 117.97 | 182.36 |
| Net debt | 4168.49 | 4,756.86 |
| Total capital (Note 9 & 10) | 6,734.63 | 6,370.41 |
| Capital and net debt | 10,903.12 | 11,127.27 |
| Gearing ratio | 38% | 43% |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

32. Segment Reporting

The Company is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 – “Operating Segments”.

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – “Operating Segments”.

Information about major customers

No customer individually accounted for more than 10% of the revenue



Celsia Hotels Private Limited**Notes to financial statements for the year ended March 31, 2020**

33. The Company has considered possible effects that may result from the pandemic relating to COVID 19 and has made detailed assessment of its going concern assumption, liquidity position for next one year and believes that they can meet all their obligations with the support of the parent company. Also, the parent Company confirms that they provided unconditional and irrevocable financial support by way of continuous investment in the Company in the form of equity investment and unsecured loan, as and when required. In view of the above, these accounts have been prepared on a going concern basis.

34. **Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

Rs. In lakhs

| | March 31, 2020 | March 31, 2019 |
|--|---------------------------|---------------------------|
| the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 22.26 | 21.46 |
| the amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| 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 Micro Small and Medium Enterprise Development Act, 2006. | Nil | Nil |
| the amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| 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 section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | Nil | Nil |



Celsia Hotels Private Limited

Notes to financial statements for the year ended March 31, 2020

35. The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to this year's classification.

As per our report of even date

For Nangia & Co. LLP
Chartered Accountants
ICAI FRN 002391C/N500069

Prateek Agrawal

Prateek Agrawal
Partner
Membership No. 402826

For and on behalf of the Board of Directors of
Celsia Hotels Private Limited

Davander Tomar

Davander Tomar
Director
DIN: 00013336

Rajesh Kumar

Rajesh Kumar
Director
DIN: 05251730

Place: Signed at Gurgaon
Date : May 26, 2020

Place: New Delhi
Date: May 26, 2020

