

INDEPENDENT AUDITOR'S REPORT

To the Members of **Iora Hotels Private Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Iora Hotels Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



JDP & Associates

(Chartered Accountants)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss including the Statement of 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 20 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.



JDP & Associates

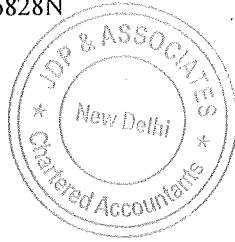
(Chartered Accountants)

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For JDP & Associates
Firm Registration No: 026828N
Chartered Accountants



Jatinder Kumar
Partner
Membership No.: 531072
Place: New Delhi
Date:



JDP & Associates

(Chartered Accountants)

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Iora Hotels Private Limited ("the Company")

- (i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) Considering the state of operations of the Company, where the Company has incurred the expenses towards the capital work in progress the provisions related to physical verification is not applicable

c) The company is holding the title deeds of immovable properties in its name.
- (ii) The Company does not have any inventory, thus reporting under clause 3(ii) is not applicable
- (iii) The Company has not granted any loan to a company covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of, clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) The company has not made any loans, investments, guarantees, and securities during the year thus the provision of clause 3 (iv) is not applicable.
- (v) The Company has not accepted any deposits from the public in terms of directive issued by Reserve Bank of India and provision of section 73 to 76 of the Companies Act, 2013.
- (vi) To the best of our knowledge and as explained, the central government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013.
- (vii) a) Undisputed statutory dues including provident fund, employee state insurance, labour welfare fund, income-tax, Goods and service tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions related to excise and customs duty are not applicable to the Company.

b) According to information and explanation given to us, there are no undisputed amounts payable in respect of income tax, sales tax, Goods and service tax , service tax, duty of customs, value added tax, excise duty cess and other material statutory dues were outstanding for a period of more than six months from the date they become payable.

c) According to information and explanation given to us there are no dues of Income tax, sales tax, service tax, Goods and service tax , duty of customs, value added tax and cess which have not been deposited on account of dispute.



JDP & Associates

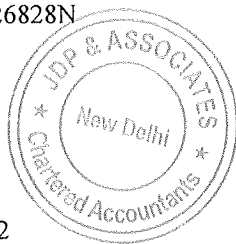
(Chartered Accountants)

- (viii) The company did not have any outstanding dues in respect of bank, financial institutions or debenture holders during the year.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and there are no term loans outstanding during the year.
- (x) To the best of our knowledge no fraud is committed by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration is not payable by the company during the year. Hence reporting under clause 3(xi) is not applicable.
- (xii) The company is not a Nidhi Company so Nidhi Rules, 2014 are not applicable to the company.
- (xiii) All transactions with the related party are in compliance with section 177 and section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by applicable accounting standards.
- (xiv) The company has made an issue of fully paid up equity shares during the year under review and has complied with the requirements of section 42,62 and 71 of the Companies Act, 2013 and the amount has been used for the purpose for which the funds were raised.
- (xv) The Company has not entered into any non-cash transaction with the director or person connected with director as required under section 192 of The Companies Act, 2013.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

For JDP & Associates
Firm Registration No: 026828N
Chartered Accountants

Jatin

Jatin Kumar
Partner
Membership No.: 531072
Place: New Delhi
Date:



JDP & Associates

(Chartered Accountants)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF IORA HOTELS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Iora Hotels private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting



JDP & Associates

(Chartered Accountants)

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 JDP & Associates

Firm Registration No: 026828N

Chartered Accountants

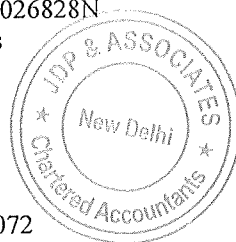

Jatin Kumar

Partner

Membership No.: 531072

Place: New Delhi

Date:



Iora Hotels Private Limited
Balance Sheet as at March 31, 2018

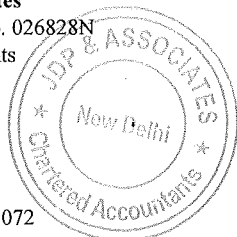
| | Notes | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|-------------------------------------|-------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 11.67 | - |
| Capital work-in-progress | 4 | 10,334.28 | 6,886.24 |
| Financial assets | 5 | | |
| Other financial assets | | 1,783.79 | 1,580.93 |
| Deferred tax assets (net) | 6 | - | - |
| Other non-current assets | 7 | 12,468.69 | 13,203.99 |
| | | <u>24,598.43</u> | <u>21,671.16</u> |
| Current assets | | | |
| Financial assets | 8 | | |
| Cash and Cash equivalents | | 11.14 | 11.57 |
| Other current assets | 9 | 729.14 | 729.05 |
| | | <u>740.28</u> | <u>740.62</u> |
| Total Assets | | <u><u>25,338.71</u></u> | <u><u>22,411.78</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 10 | 761.40 | 450.00 |
| Other Equity | 11 | 20,925.02 | 20,588.23 |
| Total Equity | | <u>21,686.42</u> | <u>21,038.23</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | 12 | | |
| Borrowings | | 7.08 | 228.10 |
| Other non-current liabilities | 13 | 1,597.18 | 1,105.19 |
| | | <u>1,604.26</u> | <u>1,333.29</u> |
| Current liabilities | | | |
| Financial liabilities | 14 | | |
| Borrowings | | 2,043.75 | - |
| Other financial liabilities | | 3.95 | 2.21 |
| Other current liabilities | 15 | 0.33 | 38.05 |
| | | <u>2,048.03</u> | <u>40.26</u> |
| Total Liabilities | | <u>3,652.29</u> | <u>1,373.55</u> |
| Total Equity and Liabilities | | <u><u>25,338.71</u></u> | <u><u>22,411.78</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 JDP & Associates
Firm Registration No. 026828N
Chartered Accountants

Jatin Kumar
Jatin Kumar
Partner
Membership No. 531072



Place : New Delhi
Date : May 23, 2018

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

Cyrus Mehernosh Madan
Cyrus Mehernosh Madan
Director
Din No: 02695031

Davander Tomar
Davander Tomar
Director
Din No. 00013336


Place : New Delhi
Date : May 23, 2018

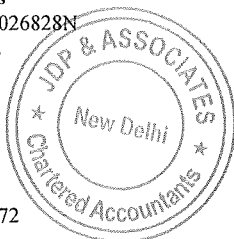
Iora Hotels Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

| | Notes | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--|-------|-------------------------------|-------------------------------|
| Other expenses | 16 | 0.50 | 0.27 |
| Total expenses | | 0.50 | 0.27 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | (0.50) | (0.27) |
| Depreciation and amortization expense | 17 | 0.74 | - |
| Finance costs | 18 | 0.29 | 0.10 |
| Profit/(loss) before tax | | (1.53) | (0.37) |
| Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Adjustment of tax relating to earlier periods | | (0.04) | - |
| Profit/(loss) for the year | | (1.49) | (0.37) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year, net of tax | | (1.49) | (0.37) |
| Earnings per equity share: | | | |
| (1) Basic | 19 | (0.00) | (0.00) |
| (2) Diluted | | (0.00) | (0.00) |
| 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

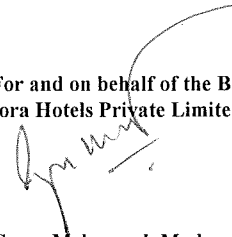
For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants


Jatin Kumar
Partner
Membership No. 531072




Place : New Delhi
Date : May 23, 2018

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


Cyrus Mehernosh Madan
Director
Din No: 02695031

Place : New Delhi
Date : May 23, 2018


Davander Tomar
Director
Din No. 00013336

Iora Hotels Private Limited
Statement of Cash flows for the year ended March 31, 2018

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Operating Activities | | |
| Loss before tax | (1.53) | (0.37) |
| Adjustments to reconcile profit/(loss) before tax to net cash flows: | | |
| Depreciation and amortisation expenses | 0.74 | - |
| Finance costs | 0.26 | - |
| | (0.52) | (0.37) |
| Working Capital Adjustment: | | |
| Change in loans and advances and other current assets | 525.98 | 0.98 |
| Change in liabilities and provisions | 454.17 | 39.24 |
| | 979.62 | 39.85 |
| Income tax paid (net of refunds) | 0.04 | 0.00 |
| Net cash flow from operating activities | 979.66 | 39.85 |
| Investing activities | | |
| Purchase of Property, Plant & Equipment including CWIP, capital advances and capital creditors | (3,454.10) | (1,301.33) |
| Net Cash flow used in investing activities | (3,454.10) | (1,301.33) |
| Financing activities | | |
| Proceeds from issuance of share capital | 14,555.15 | - |
| (Repayment)/Proceeds from long term borrowings | (14,124.63) | 1,067.00 |
| Proceeds from issuance of debentures | - | 200.00 |
| Proceeds from short term borrowings | 2,043.75 | - |
| Interest Paid | (0.26) | - |
| Net Cash from financing activities | 2,474.01 | 1,267.00 |
| Net increase/(decrease) in cash and cash equivalents | (0.43) | 5.52 |
| Cash and cash equivalents at the beginning of the year | 11.57 | 6.05 |
| Cash and cash equivalents at the end of the year | 11.14 | 11.57 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.39 | 0.00 |
| Balances with banks in | | |
| Current accounts | 10.75 | 11.57 |
| Total cash and cash equivalents | 11.14 | 11.57 |

Summary of significant accounting policies

2.1

As per our report of even date

For JDP & Associates

Firm Registration No. 026828N

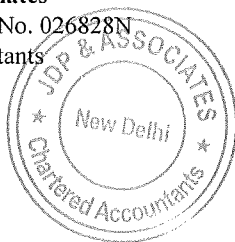
Chartered Accountants

Jatin Kumar

Jatin Kumar

Partner

Membership No. 531072



**For and on behalf of the Board of Directors of
Iora Hotels Private Limited**

Cyrus Mehernosh Madan

Cyrus Mehernosh Madan

Director

Din No: 02695031

Davander Tomar

Davander Tomar

Director

Din No. 00013336

Place : New Delhi

Date : May 23, 2018

Place : New Delhi

Date : May 23, 2018

Iora Hotels Private Limited
Statement of Changes in Equity

A. Equity Share Capital

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

| No. of shares | Amount Rs in lakhs |
|---------------|-----------------------|
| 45,000,000 | 450.00 |
| 45,000,000 | 450.00 |
| 31,140,000 | 311.40 |
| 76,140,000 | 761.40 |

B. Other Equity

For the year ended 31 March, 2018

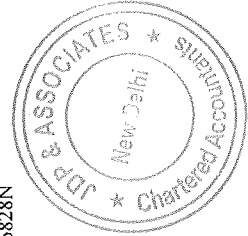
| | Compulsorily convertible debentures Rs in lakhs | Capital reserve Rs in lakhs | Reserves and Surplus | | Total equity Rs in lakhs |
|---|--|--------------------------------|---|----------------------------------|-----------------------------|
| | | | Securities Premium Reserve Rs in lakhs | Retained Earnings Rs in lakhs | |
| Balance at 1 April 2016 | 6,400.00 | 12,914.56 | - | 20.14 | 19,334.69 |
| Total Comprehensive Income for the year | - | - | - | (0.37) | (0.37) |
| Addition during the year | 200.00 | 1,053.91 | - | - | 1,253.91 |
| Balance at 31 March 2017 | 6,600.00 | 13,968.47 | - | 19.77 | 20,588.23 |
| Total Comprehensive Income for the year | - | - | - | (1.49) | (1.49) |
| Issue of share capital | - | - | 14,243.75 | - | 14,243.75 |
| Movement during the year | - | (13,905.48) | - | - | (13,905.48) |
| Balance at 31 March 2018 | 6,600.00 | 62.99 | 14,243.75 | 18.28 | 20,925.02 |

Summary of significant accounting policies

2.1

As per our report of even date

For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants



Jatin Kumar
Partner
Membership No. 531072

Date : May 23, 2018

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

Cyrus Mehernosh Madan
Director
Din No: 02695031

Davander Tomar
Director
Din No. 00013336

Date : May 23, 2018

Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

1. Corporate Information

Iora 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 B-6/17, Safdarjung Enclave, New Delhi-110029.

The company is engaged in the business of running, owning hotels, resorts and restaurants and to provide hospitality services in this regard.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 23, 2018.

2 Basis of preparation

2.1 Significant accounting policies

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on a historical cost or at amortised cost except for the following assets and liabilities:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

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

Summary of significant accounting policies

(a) Current versus non-current classification

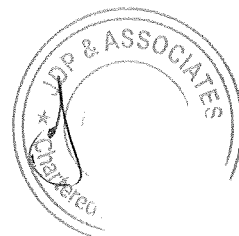
The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- 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



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

- 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

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

(c) Fair value measurement

The Company measures financial instruments, such as, investment in mutual fund at fair value at each balance sheet date.

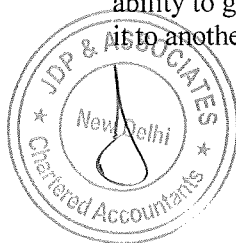
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 the 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 as explained above.

This note summarizes 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 19),
- Quantitative disclosures of fair value measurement hierarchy (note 22)
- Financial instruments (including those carried at amortized cost) (note 22)



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(d) Revenue recognition

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.

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.

Gain/(loss) on sale of investment in mutual funds

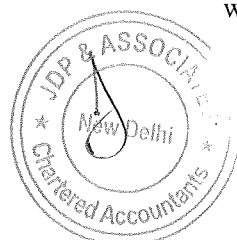
Gain/(loss) on sale of investment in mutual funds is recorded as other income on transfer of title from the Company and is determined as the difference between the redemption price and carrying value of the investments.

(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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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 liabilities are recognized for all taxable temporary differences.

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 utilized. Unrecognized deferred tax assets are re-assessed 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 realized 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.

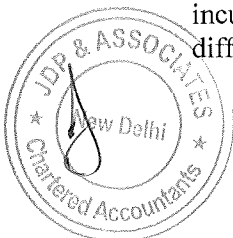
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(f) Property, plant and equipment

Capital work in progress, 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.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



Iora Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2.g). Contingent rentals are recognised as expenses in the periods in which they are incurred.

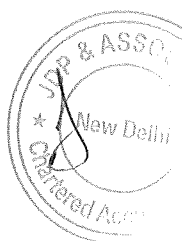
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or
- (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

(i) 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 value less 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



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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.

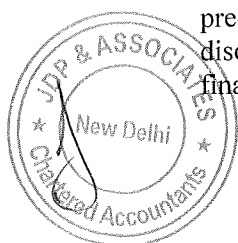
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously 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.

(j) 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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The group has no obligation, other than the contribution payable to the provident fund. The group 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 recognized as a liability after deducting the contribution already 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.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

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.

(l) 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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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.

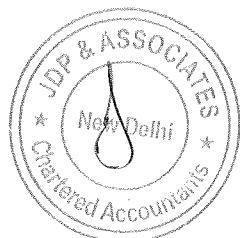
This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs 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, loans to subsidiaries 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



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Notes to financial statements for the year ended March 31, 2018

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.

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:

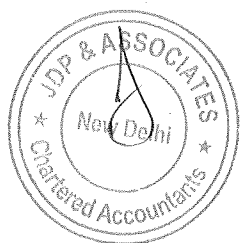
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a)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

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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.

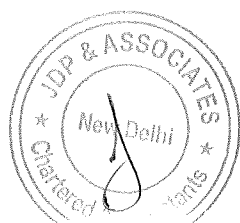
For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. 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. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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.

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 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 2.2g

Financial guarantee contracts



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

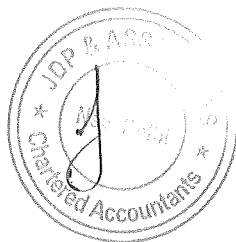
Financial guarantee contracts issued by the group Company are those contracts that require a payment to be made to reimburse the guarantee holder for a loss it incurs because the Company fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantees issued by the group Company on behalf the Company are designated as 'Insurance Contracts'.

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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

The following table shows various reclassification and how they are accounted for:

| Original classification | Revised classification | Accounting treatment |
|-------------------------|------------------------|--|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

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.

(m) 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.

(n) 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.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(o) **Segment reporting policies**

Identification of segments

The management of the Company reviews the specific performance of its respective hotel properties. However, since all hotels have similarity in terms of products and services, customer classes, method of providing services and the regulatory environment, the individual hotels qualify for aggregation. Thus, the management has considered aggregating all the hotels as one reportable operating segment. Accordingly, the figures appearing in these financial statements relate to the Company's single operating segment.

(p) **Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, if any.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

3 Property, plant and equipment

(Rs. in Lakhs)

| Particulars | Vehicles | Total |
|--------------------------|--------------|--------------|
| Cost or valuation | | |
| At 1 April 2016 | - | - |
| Additions | - | - |
| Disposals | - | - |
| At 31 March 2017 | - | - |
| Additions | 12.41 | 12.41 |
| Disposals | - | - |
| At 31 March 2018 | 12.41 | 12.41 |
| Depreciation | | |
| At 1 April 2016 | - | - |
| Charge for the year | - | - |
| Disposals | - | - |
| At 31 March 2017 | - | - |
| Charge for the year | 0.74 | 0.74 |
| Disposals | - | - |
| At 31 March 2018 | 0.74 | 0.74 |
| Net Book value | | |
| At 31 March 2018 | 11.67 | 11.67 |
| At 31 March 2017 | - | - |

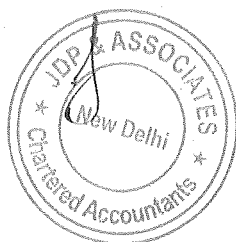
Net book value

As at
March 31, 2018

As at
March 31, 2017

Plant, property and equipment

11.67



Iora Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

4 Capital work-in-progress

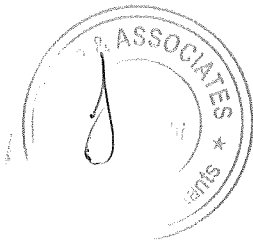
| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Hotel at Mumbai | | |
| Material | 71.12 | 4.12 |
| Professional charges | 4,823.50 | 3,719.11 |
| Lease rent | 4,068.99 | 2,766.35 |
| Salary, wages & bonus | 23.93 | 5.98 |
| Project staff expenses other than salary | 8.52 | 4.14 |
| Traveling | 25.98 | 16.22 |
| Rates and taxes | 1,280.37 | 345.83 |
| Others | 31.87 | 24.49 |
| | 10,334.28 | 6,886.24 |

5 Financial assets
Other financial assets

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|-------------------|-------------------------------|-------------------------------|
| Security Deposits | 1,783.79 | 1,580.93 |
| | 1,783.79 | 1,580.93 |

Break up of non-current financial assets carried at amortised cost

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|---|-------------------------------|-------------------------------|
| Security Deposits | 1,783.79 | 1,580.93 |
| Total non-current financial assets carried at amortised cost | 1,783.79 | 1,580.93 |



6 Deferred tax assets (net)

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Deferred tax Liabilities | | |
| Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization as per financial statements | 0.29 | - |
| Deferred tax Assets | | |
| Impact of expenditure charged to the statement of Profit and Loss in the current/ earlier period but allowable for tax purposes on payment basis | - | - |
| Deferred tax assets recognised to the extent of deferred tax liability | (0.29) | - |
| Deferred tax Asset (Net) | - | - |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

| | | |
|---|---------------|---------------|
| Accounting profit / (loss) before income tax | (1.53) | (0.37) |
| At India's statutory income tax rate of 25.75% | (0.39) | (0.10) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Expenses not allowed in income tax act | - | - |
| Expenses incurred during the year and allowable in tax in next year | - | - |
| Expenses incurred during the previous year and allowable in current year | - | - |
| Income tax charge/(credit) in respect of earlier years | (0.04) | (0.10) |
| Deferred tax assets not created on carry forward losses in excess of deferred tax liability on other components | (0.39) | (0.10) |
| Total adjustments | (0.44) | (0.10) |
| Income tax expense | (0.04) | - |
| As per profit and loss account | (0.04) | - |



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

7 Other non-current assets

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--|-------------------------------|-------------------------------|
| Capital Advances | 2.85 | 9.21 |
| Advances other than capital advances | | |
| Advance Income Tax (net of provision for taxation) | - | 0.01 |
| Deferred lease expenses | 12,465.84 | 13,194.77 |
| | <u>12,468.69</u> | <u>13,203.99</u> |

8 Financial assets

a) Cash and cash equivalents

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|-------------------------------------|-------------------------------|-------------------------------|
| Balance with banks | | |
| On current and cash credit accounts | 10.75 | 11.57 |
| Cash on hand | 0.39 | 0.00 |
| | <u>11.14</u> | <u>11.57</u> |

The Company has no undrawn committed borrowing facilities.

Cash at bank are non-interest bearing financial assets.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|-------------------------------------|-------------------------------|-------------------------------|
| Balance with banks | | |
| On current and cash credit accounts | 10.75 | 11.57 |
| Cash on hand | 0.39 | 0.00 |
| | <u>11.14</u> | <u>11.57</u> |

9 Other current assets

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--------------------------------------|-------------------------------|-------------------------------|
| Other Advances | | |
| Advances recoverable in cash or kind | 0.21 | 0.11 |
| Deferred lease expenses | 728.93 | 728.94 |
| Total | <u>729.14</u> | <u>729.05</u> |



10 Equity Share capital

Authorised Share Capital

| | Equity shares | |
|-------------------------------------|---------------|-------------|
| | No. of shares | Rs in lakhs |
| At 1 April 2016 | 45,000,000 | 450.00 |
| Increase/(decrease) during the year | - | - |
| At 31 March 2017 | 45,000,000 | 450.00 |
| Increase/(decrease) during the year | 31,140,000 | 311.40 |
| At 31 March 2018 | 76,140,000 | 761.40 |

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 1 April 2016 | 45,000,000 | 450.00 |
| Increase/(decrease) during the year | - | - |
| At 31 March 2017 | 45,000,000 | 450.00 |
| Increase/(decrease) during the year | 31,140,000 | 311.40 |
| At 31 March 2018 | 76,140,000 | 761.40 |

Shares held by holding company-

| | March 31, 2018 | | March 31, 2017 | |
|---|----------------|-------------|----------------|-------------|
| | No. of shares | Rs in lakhs | No. of shares | Rs in lakhs |
| Equity shares of Re. 1 each fully paid up | | | | |
| Fleur Hotels Private Limited | 76,140,000 | 761.40 | 45,000,000 | 450.00 |

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

| | March 31, 2018 | | March 31, 2017 | |
|--|----------------|----------------|----------------|----------------|
| | No. of shares | % Shareholding | No. of shares | % Shareholding |
| Equity shares of INR 1 each fully paid | | | | |
| Fleur Hotels Private Limited | 76,140,000 | 100.00% | 45,000,000 | 100.00% |

The company has not issued any shares for a consideration other than cash or bonus shares during the immediately preceding 5 years.

11 Other equity

Securities Premium Reserve

| | Rs. |
|-------------------------------------|-----------|
| At 1 April 2016 | - |
| Increase/(decrease) during the year | - |
| At 31 March 2017 | - |
| Increase/(decrease) during the year | 14,243.75 |
| At 31 March 2018 | 14,243.75 |

Retained Earnings

| | Rs in lakhs |
|----------------------------|-------------|
| At 1 April 2016 | 20.14 |
| Profit/(loss) for the year | (0.37) |
| At 31 March 2017 | 19.77 |
| Profit/(loss) for the year | (1.49) |
| At 31 March 2018 | 18.28 |

Capital Reserve (Equity component of loan from holding company)

| | Rs in lakhs |
|-------------------------------------|-------------|
| At 1 April 2016 | 12,914.56 |
| Increase/(decrease) during the year | 1,053.91 |
| At 31 March 2017 | 13,968.47 |
| Increase/(decrease) during the year | (13,905.48) |
| At 31 March 2018 | 62.99 |

Note: During the year the company had repaid the loan from holding company and reversed the equity component of loan.

Compulsorily convertible debentures

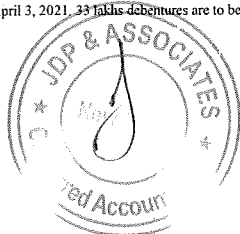
| | Rs in lakhs |
|-------------------------------------|-------------|
| At 1 April 2016 | 6,400.00 |
| Increase/(decrease) during the year | 200.00 |
| At 31 March 2017 | 6,600.00 |
| Increase/(decrease) during the year | - |
| At 31 March 2018 | 6,600.00 |

| | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| | Rs in lakhs | Rs in lakhs |
| Other reserves | | |
| Securities Premium Reserve | 14,243.75 | - |
| Retained Earnings | 18.28 | 19.77 |
| Capital Reserve (Equity component of loan from holding company) | 62.99 | 13,968.46 |
| Compulsorily convertible debentures | 6,600.00 | 6,600.00 |
| | 20,925.02 | 20,588.23 |

Note 1

Each Compulsorily convertible debenture is convertible into one hundred equity share of Re 1 each fully paid. The Debentures are zero coupon and does not carry any interest rate.

18 lakhs debentures are to be converted on or before 22 June, 2020, 300,000 debentures are to be converted on or before February 3, 2021 and 200,000 are to be converted on or before April 3, 2021. 33 lakhs debentures are to be converted on or before October 4, 2020. 10 lakhs debentures are to be converted on or before June 15, 2020.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

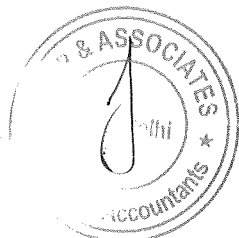
12 Borrowings

| | Effective Rate of Interest (%) | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|---|--------------------------------|-------------------------------|-------------------------------|
| Non-current borrowings | | | |
| Vehicle loans (Refer note 1 below) | 8.50% | 7.08 | - |
| 0% loan from Fleur Hotels Private Limited (100% holding company) repayable on demand) | 0.00% | - | 228.10 |
| Total non-current borrowings | | 7.08 | 228.10 |
| Current borrowings | | | |
| Vehicle loans (Refer note 1 below) | | 1.87 | - |
| Total current borrowings | | 1.87 | - |
| Less: Amount clubbed under "other current liabilities" | | (1.87) | - |
| Net current borrowings | | - | - |

1.) Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans. Rate of interest of the loan is 7.80%. The loan is repaid on agreed monthly installments.

13 Other Non-current liabilities

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--------------------------------|-------------------------------|-------------------------------|
| Reserve for lease equalisation | 1,597.18 | 1,105.19 |
| | 1,597.18 | 1,105.19 |



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

14 Financial liabilities

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|---|-------------------------------|-------------------------------|
| (i) Borrowings | | |
| 0% loan from Fleur Hotels Private Limited (100% holding company) repayable on demand) | 2,043.75 | - |
| | <u>2,043.75</u> | <u>-</u> |
| (ii) Other financial liabilities | | |
| Current maturities of long-term borrowings | 1.87 | - |
| Payable for capital goods | 0.57 | 1.98 |
| Outstanding dues of other creditors | 1.51 | 0.23 |
| | <u>3.95</u> | <u>2.21</u> |
| 15 Other current liabilities | | |
| Statutory Dues | 0.33 | 38.05 |
| | <u>0.33</u> | <u>38.05</u> |



Iora Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

16 Other expenses

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|-----------------------------|-------------------------------|-------------------------------|
| Rates and taxes | 0.10 | 0.06 |
| Legal and professional fees | 0.05 | 0.10 |
| Payment to auditors | 0.35 | 0.11 |
| Total | 0.50 | 0.27 |

Payment to auditor

| | | |
|----------------------|------|------|
| Statutory audit fees | 0.35 | 0.11 |
|----------------------|------|------|

17 Depreciation expense

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|---------------------------------|-------------------------------|-------------------------------|
| Depreciation of tangible assets | 0.74 | - |
| Total | 0.74 | - |

18 Finance cost

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|--------------------|-------------------------------|-------------------------------|
| Interest | | |
| - on vehicle loans | 0.26 | - |
| On income tax | 0.00 | 0.09 |
| Bank charges | 0.02 | 0.01 |
| Total | 0.29 | 0.10 |

19 Earnings per Share (Basic and Diluted)

| | March 31, 2018 Rs in lakhs | March 31, 2017 Rs in lakhs |
|---|-------------------------------|-------------------------------|
| Loss after Tax (Rs in lakhs) | (1.49) | (0.37) |
| Weighted Average Number of Equity Shares | 71,846,691 | 45,000,000 |
| Basic Earning Per share | (0.00) | (0.00) |
| Computation of diluted earning per share | | |
| Loss after Tax (Rs in lakhs) | (1.49) | (0.37) |
| Weighted average number of equity shares in calculating diluted EPS | 947,846,691 | 51,594,521 |
| Diluted Earning Per share | (0.00) | (0.00) |



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

20. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Company as lessee

The Company has taken land on long term lease basis. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the fair value of the asset, that it does not have all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Contingent liabilities

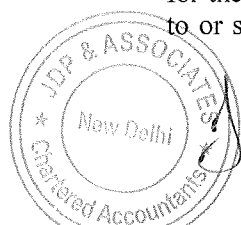
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.



Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

The management based on its assessment of the industry forecasts and current period profits is hopeful of generating future taxable profits to utilize deductible temporary differences, carry forward of unabsorbed depreciation. However, considering that nature of the Company's operations and history of past tax losses, deferred tax assets (including MAT credit) are recognized to the extent that it is probable that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it is considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities and the Company has not recognised deferred tax assets of Rs 2.59 lakhs, Rs Nil as of March 31, 2018 and March 31, 2017 respectively.

21. Commitments and contingencies

a. Leases

Operating lease commitments — Company as lessee

The Company has entered into operating lease on land for building a hotel, with lease terms upto 02-May- 2036 (extendable at the option of company for another 30 years). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The Company has paid Rs. 264.92 lakhs (March 31, 2017 Rs 251.21 lakhs) during the year towards minimum lease payment.

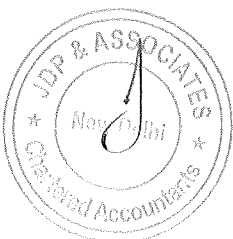
Future minimum rentals payable under non-cancellable operating leases are, as follows:

| | <i>Rs. In lakhs</i> | |
|---|---------------------|------------------|
| | March 31, 2018 | March 31, 2017 |
| Within one year | 241.89 | 230.37 |
| After one year but not more than five years | 1094.72 | 1042.59 |
| More than five years | 13323.76 | 13,617.78 |
| | 14,660.37 | 14,890.74 |

b. Commitments

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

At March 31, 2018, the Company had commitments of Rs. 2,382.44 lakhs (March 31, 2017: 380.94 lakhs)



22. Related Party Transactions

a) Names of related parties

| | |
|-----------------------------|--|
| Ultimate Holding company | - Lemon Tree Hotels Limited |
| Holding Company | - Fleur Hotels Private Limited |
| Fellow subsidiary companies | - Begonia Hotels Private Limited - Celsia Hotels Private Limited - Nightingale Hotels Private Limited |
| Key Management Personnel | - Mr. Cyrus Mehernosh Madan (Director) - Mr. Davander Tomar (Director) - Mr. Paramartha Saikia (Independent Director) - Mr. Arjun Sawhny (Independent Director)(Upto June 13, 2017) |



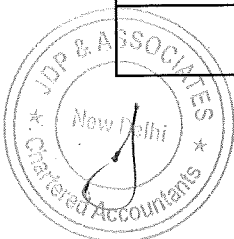
Iora Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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

(Amount in lakhs)

| Transactions with Related party | Year Ended | Holding Company | Ultimate Holding Company | Fellow Subsidiaries |
|---|-------------------|------------------------|---------------------------------|----------------------------|
| Loan (taken) | | | | |
| Fleur Hotels Private Limited | 31-Mar-18 | 2,948.20 | - | - |
| | 31-Mar-17 | 1,283.00 | - | - |
| Repayment of Loan(taken) | | | | |
| Fleur Hotels Private Limited | 31-Mar-18 | 15,057.95 | - | - |
| | 31-Mar-17 | 216.00 | - | - |
| Issue of shares | | | | |
| Fleur Hotels Private Limited | 31-Mar-18 | 14,557.95 | - | - |
| | 31-Mar-17 | - | - | - |
| Issue of Compulsory Convertible Debentures | | | | |
| Begonia Hotels Private Limited | 31-Mar-18 | - | - | - |
| | 31-Mar-17 | - | - | 200.00 |
| Project Management Fees | | | | |
| Lemon Tree Hotels Limited | 31-Mar-18 | - | 755.20 | - |
| | 31-Mar-17 | - | 977.50 | - |
| Reimbursement of expense incurred by the party | | | | |
| Fleur Hotels Private Limited | 31-Mar-18 | 0.78 | - | - |
| | 31-Mar-17 | 0.01 | - | - |
| Lemon Tree Hotels Limited | 31-Mar-18 | - | 0.76 | - |
| | 31-Mar-17 | - | - | - |
| Balance O/s at year end | | | | |
| Fleur Hotels Private Limited | 31-Mar-18 | 2,043.75 | - | - |
| | 31-Mar-17 | 14,153.50 | - | - |



Iora Hotels Private Limited**Notes to financial statements for the year ended March 31, 2018**

| Transactions with Related party | Year Ended | Holding Company | Ultimate Holding Company | Fellow Subsidiaries |
|--|-------------------|------------------------|---------------------------------|----------------------------|
| Compulsory convertible debentures | | | | |
| Begonia Hotels Private Limited | 31-Mar-18 | - | - | 2,300.00 |
| | 31-Mar-17 | - | - | 2,300.00 |
| | | | | |
| Celsia Hotels Private Limited | 31-Mar-18 | - | - | 3,300.00 |
| | 31-Mar-17 | - | - | 3,300.00 |
| | | | | |
| Nightingale Hotels Private Limited | 31-Mar-18 | - | - | 1,000.00 |
| | 31-Mar-17 | - | - | 1,000.00 |

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The company has not entered into any commitments with related parties during the year.



23. Fair values

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 instruments by category*Rs. In lakhs*

| | 31-March-18 | | 31-March-17 | |
|-------------------------------|-------------|-----------------|-------------|-----------------|
| | FVTPL | Amortised Cost | FVTPL | Amortised Cost |
| Financial Assets | | | | |
| Security Deposits | - | 1,783.79 | - | 1,580.93 |
| Cash and Cash Equivalents | - | 11.14 | - | 11.57 |
| Total Financial Assets | - | 1,794.93 | - | 1,592.50 |

Rs. In lakhs

| | 31-March-18 | | 31-March-17 | |
|-------------------------------------|-------------|-----------------|-------------|----------------|
| | FVTPL | Amortised Cost | FVTPL | Amortised Cost |
| Financial Liabilities | | | | |
| Borrowings | - | 2,050.83 | - | 228.10 |
| Other Current Financial Liabilities | - | 3.42 | - | 2.21 |
| Total Financial Liabilities | - | 2,054.25 | - | 230.31 |

The management assessed that fair values of cash and cash equivalents, other current financial assets and other current financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

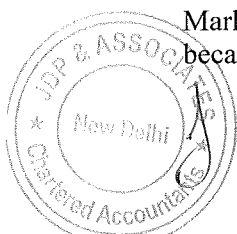
24. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include Security deposits and cash & cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk,



currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

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, foreign exchange transactions and other financial instruments.

Trade receivables and Security Deposits

Customer credit risk is managed by business through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of each customer is assessed and credit limits are defined in accordance with this assessment. Outstanding customer receivables and security deposits are regularly monitored.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has no exposure in foreign currency.

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 is 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 2017 and 31 March 2016 is Nil

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.



Iora Hotels Private Limited**Notes to financial statements for the year ended March 31, 2018**

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

| | <i>Rs. In lakhs</i> | | | | | |
|--------------------------------------|---------------------|---------------------------|-----------------------|---------------------|---------------------|------------------|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
| Year ended March 31, 2018 | | | | | | |
| Borrowings | 2,043.75 | 0.30 | 1.57 | 7.07 | - | 2469.09 |
| Financial Liabilities | 0.58 | - | - | - | - | 0.58 |
| | 2,460.33 | 0.30 | 1.57 | 7.07 | - | 2,469.67 |
| Year ended March 31, 2017 | | | | | | |
| Borrowings | - | - | - | - | 14,153.5 | 14153.5 |
| Financial Liabilities | 2.21 | - | - | - | - | 2.21 |
| | 2.21 | - | - | - | 14,153.5 | 14,155.71 |



25. 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 Company. 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 payables, less cash and cash equivalents.

| | <i>Rs. In lakhs</i> | |
|--|-----------------------|-----------------------|
| | March 31, 2018 | March 31, 2017 |
| Borrowings (Note 12) | 2,052.70 | 228.10 |
| Less: cash and cash equivalents (Note 8) | 11.14 | 11.57 |
| Net debt | 2,041.54 | 216.53 |
| Equity | 21,686.41 | 21,038.23 |
| Capital and net debt | 23,727.95 | 21,254.77 |
| Gearing ratio | 8.60% | 0.93% |

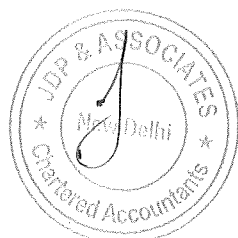
In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

26. Deposit for leasehold long term lease agreement

During the earlier year, the Company has entered into a sub-lease agreement ('agreement') with Mumbai International Airport Private Limited (MIAL) for the right to operate, manage and develop the hotel at Chhatrapati Shivaji International Airport at Mumbai for initial term upto May 02, 2036, extendable at the option of the Company for an additional period of 30 years. In terms of the agreement, the Company has placed an interest free security deposit of Rs. 16,600 lakhs (March 31, 2017:-Rs. 16,600 lakhs) to secure the payment of annual lease and performance of all other obligations under the agreement refundable upon transfer of possession of asset to MIAL at the expiry of the agreement term.



Iora Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

27. 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

28. No customer individually accounted for more than 10% of the revenue
29. There is no unhedged foreign currency exposure as at the balance sheet date.
30. The Company’s holding company has confirmed that it shall provide continuing financial support to the Company to pay off its debts, as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.
31. Last year financials has been audited by predecessors auditors Jain Jindal & Co..

As per our report of even date

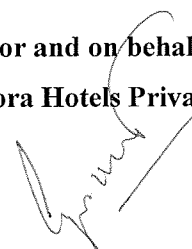
For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants

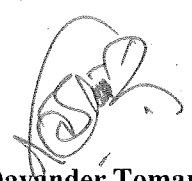

Jatin Kumar

Partner
Membership No. 531072



**For and on behalf of the Board of Directors of
Iora Hotels Private Limited**


Cyrus Mehernosh Madan
Director
Din: 02695031


Davander Tomar
Director
Din: 00013336

Place : New Delhi
Date : May 23, 2018

Place: New Delhi
Date : May 23, 2018