B S R & Co. LLP

Chartered Accountants

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Independent Auditors Report

To the Members of Argon Hotels Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Argon Hotels Private Limited (the "Company") which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 42 to the financial statements, which explains the management's assessment of going concern assumption and financial impact on account of COVID-19 pandemic situation and its assertion that based on best estimates made by it, the Company will continue as a going concern i.e. continue its operations and will be able to discharge its liabilities and realise its assets, for the foreseeable future.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 37 to the financial statements.

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

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

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 47 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 47 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

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

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

In our opinion and according to the information and explanations given to us, no remuneration has been paid or payable by the Company to its directors during the current year and accordingly, the provisions of Section 197 of the Act are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Vikram Advani

Partner

Place: New Delhi

Date: 29 September 2022

Membership No.: 091765

ICAI UDIN: 22091765AWMYWO6009

Annexure A to the Independent Auditor's Report on the Financial Statements of Argon Hotels Private Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified once in period of three years. In accordance with this programme, all property, plant and equipment were physically verified during the year ended 31 March 2020. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property as disclosed in the financial statements are not held in the name of the Company, details of which are as follows:

Relevant items in the Balance sheet	Description of property	Gross carrying value (Amount in Rs. thousand)	Held in the name of	Whether promoter, director or their relative or employee	Period held-indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Property, plant and equipment -Freehold Land	Survey No. 13/1A/2A/11/2 and parts of Survey No. 13/1A/2A/11, Mundhwa-Kharadi Rd, Thite Nagar, Kharadi, Pune, Maharashtra 411014	219,000	Premier Inn India Private Limited	No	October 2008	Refer Note 49 to the financial statements.
Property, plant and equipment -Freehold Land	Survey No 11/14 Plot B, C & E Anjuna, Simvaddo Goa 403509	126,000	Premier Inn India Private Limited	No	July 2011	Refer Note 49 to the financial statements.
Asset held for sale	169 Rajiv Gandhi Salai, Old,	139,000	Premier Inn India Private	No	March 2012	Refer Note 49 to the

Annexure A to the Independent Auditor's Report on the Financial Statements of Argon Hotels Private Limited for the year ended 31 March 2022 *(Continued)*

Relevant items in the Balance sheet	Description of property	Gross carrying value (Amount in Rs. thousand)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
	Mahabalipuram Road, Semmancheri,Chennai, Tamil Nadu 600119		Limited			financial statements.
Right of Use assets (Land)	District Centre, Crossing, Outer Ring Rd,opposite Galaxy Toyota, Haiderpur, Shalimar Bagh, . New Delhi 110088	322,138	Premier Inn India Private Limited	No	February 2011	Refer Note 49 to the financial statements.
Right of Use assets (Building)	3-A1 Kundanahalli Main Road Mahadevpura, opposite Ifb Campus, Whitefield,Bengaluru, Karnataka 560048	168,277	True Value Hotels India Private Limited	No	September 2008	Refer Note 49 to the financial statements.

However, original title deeds are under lien with bank for the loan facilities availed by the Company. Therefore, we could not verify those title deeds and have not received independent confirmation from bank.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Refer Note 47 to the financial statements.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion,

Annexure A to the Independent Auditor's Report on the Financial Statements of Argon Hotels Private Limited for the year ended 31 March 2022 *(Continued)*

the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from bank on the basis of security of current assets. As informed to us and as per the terms of sanction letters of such limits, there are no requirements on the Company to submit quarterly returns or statements with the bank.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not given any loans or provided any guarantees or securities covered under Section 185 of the Companies Act, 2013. According to the information and explanations given to us, the provisions of Section 186 (except for sub-section (1) of the Section 186) of the Companies Act, 2013 are not applicable to the Company since the Company is engaged in the business of providing infrastructural facilities. Accordingly, the requirements of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services rendered or goods sold by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise and Sales tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Value added tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Income- Tax and Provident Fund.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Value added tax, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Amount (Rs. thousand)	Period to which the amount relates	Due date	Date of payment
The Employees' Provident Funds and Miscellaneous	Provident Fund (Additional	230	March 2019	15 April 2019	Not paid yet

Name of the statute	Nature of the dues	Amount (Rs. thousand)	Period to which the amount relates	Due date	Date of payment
Provisions Act, 1952	liability due to Supreme Court judgement.(refer note 37)				
Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017 and Integerated Goods and Services Tax Act, 2017	Interest liability on Goods and Services Tax	922	April 2021 to August 2021	20 September 2021	Not paid yet

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Value added tax, Cess and other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. thousand)	Amount paid under protest (Rs. thousand)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	76,812	15,362	AY 2017-18	Commissioner of Income Tax (Appeals)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

As at 31 March 2022, the Company also has interest free loan amounting to Rs. 2,731,474 thousand from SAMHI Hotels Limited ("Holding Company"), repayble at the option of the Company and accordingly classified as "other equity". As this loan is repayble at the option of the Company, there has been no default in repayment thereof.

(b) According to the information and explanations given to us and on the basis of our examination

Annexure A to the Independent Auditor's Report on the Financial Statements of Argon Hotels Private Limited for the year ended 31 March 2022 *(Continued)*

of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details regarding such transactions have been disclosed in the financial statements as required by applicable accounting standards. Being a wholly owned subsidiary company of public limited company, the requirements of Section 177 of the Act of having an Audit Committee are not applicable.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

Annexure A to the Independent Auditor's Report on the Financial Statements of Argon Hotels Private Limited for the year ended 31 March 2022 *(Continued)*

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred cash losses of Rs 2,05,492 thousand in the current financial year and Rs 4,64,456 thousand in the immediately preceding financial year.

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

(xix) We draw attention to Note 42 to the financial statements which explains that the Company has incurred losses in current year and previous year and has accumulated losses as at 31 March 2022. Further, the Company's current liabilities exceeds its current assets as at 31 March 2022 by Rs. 201,240 thousand. The note also explains the management's assessment of going concern assumption and financial impact on account of COVID-19 pandemic situation and its assertion that based on best estimates made by it, the Company will continue as a going concern i.e. continue its operations and will be able to discharge its liabilities and realise its assets, for the foreseeable future.

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

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Vikram Advani

Partner

Place: New Delhi

Membership No.: 091765

Date: 29 September 2022

ICAI UDIN: 22091765AWMYWO6009

Annexure B to the Independent Auditor's Report on the financial statements of Argon Hotels Private Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Opinion

We have audited the internal financial controls with reference to financial statements of Argon Hotels Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

Annexure B to the Independent Auditor's Report on the financial statements of Argon Hotels Private Limited for the year ended 31 March 2022 *(Continued)*

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Vikram Advani

Partner

Membership No.: 091765

ICAI UDIN: 22091765AWMYWO6009

Place: New Delhi

Date: 29 September 2022

Argon Hotels Private Limited
Balance Sheet as at 31 March 2022
(All amounts are in Indian Rupees ('000), unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,520,889	2,125,904
Right to use assets	3	456,418	466,495
Intangible assets	4	4,543	9,257
Financial assets			
Other financial assets	5	13,204	6,551
Income tax assets (net)	6	19,310	15,654
Other non-current assets	8	18,346	17,003
Total non-current assets		**2,032,710**	**2,640,864**
Current assets			
Inventories	9	2,184	2,735
Financial assets			
Trade receivables	10	25,027	24,340
Cash and cash equivalents	11	75,249	71,676
Bank balances other than cash and cash equivalents	12	-	11,277
Other financial assets	13	7,735	4,181
Other current assets	14	49,477	53,517
Asset held for sale	15	300,000	-
Total current assets		**459,672**	**167,726**
TOTAL ASSETS		**2,492,382**	**2,808,590**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	77,705	77,705
Other equity	17	528,297	(1,675,335)
Total equity		**606,002**	**(1,597,630)**
Non-current liabilities			
Financial liabilities			
Borrowings	18	973,774	3,899,198
Lease liabilities	19	248,426	246,587
Provisions	20	3,268	3,489
Total non- current liabilities		**1,225,468**	**4,149,274**
Current liabilities			
Financial liabilities			
Borrowings	21	323,333	-
Lease liabilities	22	25,408	25,058
Trade payables	23		
- total outstanding dues of micro enterprises and small enterprises		2,010	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		277,546	186,472
Other financial liabilities	24	15,529	22,277
Other current liabilities	25	14,998	20,895
Provisions	26	2,088	2,244
Total current liabilities		**660,912**	**256,946**
TOTAL EQUITY AND LIABILITIES		**2,492,382**	**2,808,590**

The notes from Note 1 to Note 49 form an integral part of these financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 29/09/2022

For and on behalf of Board of Directors of
Argon Hotels Private Limited

Rajat Mehra
Director
DIN: 06813081

Place: Gurugram
Date: 29/09/2022

Gyana Das
Director
DIN: 03563467

Place: Gurugram
Date: 29/09/2022

Argon Hotels Private Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts are in Indian Rupees ('000), unless otherwise stated)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	27	421,088	238,844
Other income	28	13,329	15,102
Total income		434,417	253,946
Expenses			
Cost of materials consumed	29	36,739	21,490
Employee benefits expense	30	106,808	100,657
Other expenses	33	282,626	229,835
Total expenses		426,173	351,982
Profit/(loss) before finance cost, depreciation, amortisation, tax and exceptional items		8,244	(98,036)
Finance costs	31	215,925	370,047
Depreciation and amortisation expense	32	133,427	151,340
		349,352	521,387
Loss before tax and exceptional items		(341,108)	(619,423)
Exceptional item	34	186,379	-
Loss before tax		(527,487)	(619,423)
Tax expense	7		
Current tax		-	-
Deferred tax		-	-
Loss for the year		(527,487)	(619,423)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement gain/(loss) on defined benefit obligations	30	(355)	(239)
- Income tax relating to items mentioned above		-	-
Other comprehensive (loss), net of tax		(355)	(239)
Total comprehensive (loss) for the year		(527,842)	(619,662)
Earnings per equity share	35		
Nominal value of share INR 10 [previous year INR 10]			
Basic (INR)		(67.88)	(79.71)
Diluted (INR)		(67.88)	(79.71)

The notes from Note 1 to Note 49 form an integral part of these financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

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Date: 29/09/2022

Gyana Das
Director
DIN: 03563467

Place: Gurugram
Date: 29/09/2022

Argon Hotels Private Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts are in Indian Rupees ('000), unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flows from operating activities		
Loss before tax	(527,487)	(619,423)
Depreciation and amortisation	133,427	151,340
Loss on reclassification of asset held for sale	186,379	-
Provision for bad and doubtful debts	199	-
Provision no longer required written back	-	(536)
Finance costs	215,925	370,047
Interest income	(664)	(2,777)
Rebate on rent	(11,947)	(11,655)
Capital advance written off	-	799
Unrealised foreign exchange loss	2,402	-
Government grant	(627)	435
Unwinding of discount on security deposits	(91)	(134)
Operating (loss) before working capital changes	**(2,484)**	**(111,905)**
Decrease in inventories	551	1,039
(Increase) / decrease in trade receivables	(886)	9,171
(Increase) / decrease in other financial assets	(1,922)	5,035
Decrease/ (increase) in other assets	2,697	(4,556)
Increase in trade payables	90,682	5,191
Decrease in other liabilities	(5,897)	(534)
(Decrease)/ increase in provisions	(730)	418
(Decrease)/ increase in other financial liabilities	(2,368)	2,412
Cash generated from/ (used in) operations	**79,643**	**(93,730)**
Income taxes (paid) / refunded - net	(3,656)	913
Net cash generated from/ (used in) operating activities	**75,987**	**(92,816)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(4,380)	-
Bank deposits made	(70,473)	(13,152)
Bank deposits matured	72,315	82,018
Interest received	2,530	2,323
Net cash generated from/ (used in) investing activities	**(8)**	**71,189**
C. Cash flows from financing activities		
Non-current borrowings availed	122,750	1,490,458
Non-current borrowings repaid	-	(1,097,080)
Lease payments	(13,113)	(11,655)
Finance costs paid	(182,043)	(346,699)
Net cash generated from/ (used in) financing activities	**(72,406)**	**35,024**
Net increase in cash and cash equivalents (A+B+C)	**3,573**	**13,397**
Cash and cash equivalents at the beginning of the year	71,676	58,279
Cash and cash equivalents at the end of the year	**75,249**	**71,676**

Notes:

	As at 31 March 2022	As at 31 March 2021
i. Components of Cash and cash equivalents		
Cash on hand	952	614
Balances with banks		
- on current accounts	74,297	71,062
	75,249	**71,676**

Argon Hotels Private Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts are in Indian Rupees ('000), unless otherwise stated)

ii. Movement in financial liabilities

	Non-current borrowings*	
	For the year ended 31 March 2022	For the year ended 31 March 2021
As at beginning of the year	3,899,198	3,509,408
Borrowings availed during the year	122,750	-
Recongnition of Equity component of interest free loans from Holding company	(2,731,474)	393,378
Finance cost expense	215,925	370,047
Finance cost paid	(182,043)	(346,699)
Interest expense on lease liabilities	(27,249)	(26,936)
As at end of the year	**1,297,107**	**3,899,198**

*Includes current maturities of non-current borrowings

iii. For movement in lease liabilities refer note 44 to the financial statements.

iv. The Statement of Cash Flows has been prepared in accordance with the 'Indirect Method' as set out in the Ind AS 7 "Statement of Cash Flows".

The notes from Note 1 to Note 49 form an integral part of these financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 29/09/2022

For and on behalf of Board of Directors of
Argon Hotels Private Limited

Rajat Mehra
Director
DIN: 06813081

Place: Gurugram
Date: 29/09/2022

Gyana Das
Director
DIN: 03563467

Place: Gurugram
Date: 29/09/2022

Argon Hotels Private Limited

Statement of Changes in Equity for the year ended 31 March 2022

(All amounts are in Indian Rupees('000), unless otherwise stated)

a. Equity share capital

Particulars	Number of shares	Amount
As at 1 April 2020	7,770,492	77,705
Changes in equity share capital during the year	-	-
As at 31 March 2021	7,770,492	77,705
Changes in equity share capital during the year	-	-
As at 31 March 2022	7,770,492	77,705

b. Other equity (refer note 17)

Particulars	Equity component of interest free loan from holding company	Reserves and surplus		Other comprehensive income	Total
		Capital reserve	Retained earnings	Re-measurement of defined benefit plan (net of tax)	
Balance as at 1 April 2020	-	380,481	(1,436,154)	-	(1,055,673)
Loss for the year	-	-	(619,423)	-	(619,423)
Other comprehensive income/ (loss) (net of tax)	-	-	-	(239)	(239)
Total comprehensive income	-	-	(619,423)	(239)	(619,662)
Transferred to retained earnings	-	-	(239)	239	-
Balance as at 31 March 2021	-	380,481	(2,055,816)	-	(1,675,335)
Loss for the year	-	-	(527,487)	-	(527,487)
Other comprehensive income/ (loss) (net of tax)	-	-	-	(355)	(355)
Total comprehensive income	-	-	(527,487)	(355)	(527,842)
Transferred to retained earnings	-	-	(355)	355	-
Modification of financial liabilities made during the year	2,731,474	-	-	-	2,731,474
Balance as at 31 March 2022	2,731,474	380,481	(2,583,658)	-	528,297

The notes from Note 1 to Note 49 form an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 29/09/2022

For and on behalf of Board of Directors of
Argon Hotels Private Limited

Rajat Mehra
Director
DIN: 06813081

Place: Gurugram
Date: 29/09/2022

Gyana Das
Director
DIN: 03563467

Place: Gurugram
Date: 29/09/2022

(All amounts are in Indian Rupees ('000), unless otherwise stated)

1.1 Corporate information

Argon Hotels Private Limited ('the Company') is a Company domiciled in India. The Company was incorporated in India on 3 April 2007 as per the provisions of Indian Companies Act and is limited by shares. The Company was formerly known as Premier Inn India Private Limited and the name was changed w.e.f. 6 September 2017.

The Company is a hotel development and investment company with focus on operating internationally branded hotels across key cities in the Indian sub-continent. Presently, the Company has five operational hotels under it i.e. Fairfield by Marriott - Pune, Goa, Bengaluru, Chennai and Caspia, New Delhi.

1.2 Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. Also, refer note 42 for going concern basis of accounting used by the management.

The financial statements were authorised for issue by the Company's Board of Directors on 29 September 2022.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest thousands, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

D. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that may require material adjustment to the carrying value of assets or liabilities affected in future periods.

Argon Hotels Pvt. Ltd.

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

The following are the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

i) Leases

Critical judgements in determining the lease period:

Ind AS 116 required lessees to determine the lease term as the non-cancellable period of a lease adjusted with an option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future possible periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Critical judgements in determining the discount rate:

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

ii) Useful lives, recoverable amounts and impairment of property, plant and equipment and intangible assets

The estimated useful lives and recoverable amounts of property, plant and equipment and intangible assets are based on estimates and assumptions regarding the expected market outlook, expected future cash flows, obsolescence, demand, competition, and known technological advances. The Company reviews the useful lives and recoverable amounts of property, plant and equipment and intangible assets at the end of each reporting date.

iii) Employee benefit obligations

Employee benefit obligations (gratuity and compensated absences) are determined using actuarial valuations, which involves determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Argon Hotels Pvt. Ltd.

iv) Fair value measurement of financial instruments

The fair values of financial instruments recorded in the balance sheet in respect of which quoted prices in active markets are not available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also, refer note for further disclosures.

v) Recognition of deferred tax assets/ liabilities

Recognition of deferred tax assets/liabilities involves making judgements and estimations about the availability of future taxable profit against which tax losses carried forward can be used. A deferred tax asset is recognised for unused tax losses, deductible temporary differences and MAT credit available, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

E. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/liabilities include current portion of non-current financial assets/liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

Argon Hotels Pvt. Ltd. *

F. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The finance team of the Company has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Holding Company's Chief Financial Officer.

They regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 39.

2. Summary of significant accounting policies

1) Property, plant and equipment

Recognition and measurement

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

Cost comprises the purchase price, import duties and other non-refundable taxes or levies, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Any trade discounts and rebates are deducted in arriving at the purchase price.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Argon Hotels Pvt. Ltd.

Subsequent costs and disposal

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the profit or loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Depreciation

Depreciation on Property, plant and equipment is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management based on technical estimates). The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life.

Depreciation on addition/ (disposals) is provided on a pro-rata basis i.e. from/ (up to) the date on which the asset is ready for use/ (disposed off).
The management estimate of the useful life of various categories of assets is as follows:

Asset Category*	Useful Life (years)	Useful life as per Schedule II to the Companies Act 2013
Building	15-60	60
Computers and accessories	3-8	3-6
Plant and machinery	5-20	15
Furniture and fixtures	5-8	10
Vehicles	8	8
Office equipment	5	5

* For the above class of assets, the management based on internal technical evaluation, has determined that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives of few assets included in the above asset categories are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

Freehold land is not depreciated.

Depreciation is calculated on a pro rata basis for assets purchased/sold during the year.

The residual values, useful lives and methods of depreciation of property plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

2) Intangible assets

Recognition and measurement
Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Amortisation

Intangible assets of the Company represents computer software and are amortized using the straight-line method over the estimated useful life (at present 3-10 years) or the tenure of the respective software license, whichever is lower. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

3) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognised at fair value. 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 of a financial instrument on initial recognition is generally its transaction price (that is, the fair value of the consideration given or received). However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, the Company recognises the difference as a gain or loss at inception ('day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognised in the Statement of Profit and Loss over the life of the transaction until the transaction matures or is closed out.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Argon Hotels Pvt. Ltd.

A debt investment is measure at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management, for instance the stated policies and objectives for the portfolio, frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Argon Hotels Pvt. Ltd.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. *Interest free loans*

The Company has obtained interest free loan from its holding company. Such interest free loans are measured at fair values determined using a present value technique with inputs that include future cash flows and discount rates that reflect assumptions that market participants would apply in pricing such loans. The difference between the transaction price and the fair value of such loans have been recognised as equity component in the books of the Company. The loan component is subsequently measured at amortised costs and interest expense is recognised using effective interest rate method. On modification in the terms of such loans wherein they became repayable at the option of the borrower resulting in it becoming perpetual debt such loans including accrued interest up to the date of modification have been treated as other equity.

Argon Hotels Pvt.

vi. *Modification of financial assets and liabilities*

Financial assets:

If the terms of a financial assets are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.
If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities:

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

4) Impairment

A. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses i.e. bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Presentation of allowance for expected credit losses in the balance sheet
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

B. Impairment of Non-financial assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset's (or cash generating unit's) net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset (or cash generating unit).

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An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

5) Inventories

Inventories which comprise stock of food , beverages (including liquor) and other operating supplies is carried at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing the inventory to their present location and condition and is determined on a FIFO basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale.

6) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Service Exports from India scheme (SEIS)

The scheme entitles the Company to receive SEIS licenses basis the annual earnings in foreign currency. These licenses can be utilised by the Company or sold in the market. The grant is recognised in the Statement of Profit and Loss on an accrual basis at realizable value.

7) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

8) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation whose amount cannot be estimated reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

9) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition and/or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for

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their intended use are capitalised. Capitalisation of borrowing costs is suspended in the period during which active development is delayed due to interruption, other than temporary interruption. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

10) Employee benefits

(a) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(b) Post-employment benefits

Defined contribution plan – Provident fund and Employee State Insurance

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions and has no obligation to pay any further amounts. Provident fund scheme and employee state insurance are defined contribution schemes. The Company makes specified monthly contributions towards these schemes. The Company's contributions are recorded as an expense in the Profit or loss during the period in which the employee renders the related service. If the contribution already paid is less than the contribution payable to the scheme for service received before the balance sheet date, 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 a reduction in future payment or a cash refund.

Defined benefit plan – Gratuity

The Company's gratuity scheme is a defined benefit plan. The present value of obligations under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating to the terms of related obligations.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the profit or loss as past service cost.

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(c) Other long-term employee benefit obligations – Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the profit or loss.

11) Revenue Recognition

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue is net of indirect taxes and discounts.

Revenue from hotel operations

Room revenue, sale of food and beverages and recreation services

Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue comprises room revenue, sale of food and beverages, property management services, recreation and other services relating to hotel operations. Revenue is recognised upon rendering of the services and sale of food and beverages.

12) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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13) Accounting for foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis.

14) Income Taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and Company intend to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realised simultaneously.

15) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Holding Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker ('CODM').

Identification of segments:

In accordance with Ind AS 108, Operating Segments, the operating segments used to present segment information are identified on the basis of information reviewed by the CODM to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

16) Leases

Company as a Lessee

On inception of a contract, the Company (as a lessee) assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.
At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.
Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

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

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

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

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. .

Company as a Lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

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17) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

18) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques 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.

19) Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

20) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

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Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees('000), unless otherwise stated)

3 Property, plant and equipment and Right of use assets

Reconciliation of carrying amount

	Freehold land	Buildings	Furniture and fixtures	Plant and machinery	Vehicles	Computers and accessories	Office equipment	Total Property, plant and equipment	Right-of-Use assets (Building)	Right-of-Use assets (Land)	Total Right-of-use assets
Gross carrying amount											
Balance as at 1 April 2020	484,000	1,435,340	186,218	469,606	1,366	63,880	25,938	2,666,348	162,322	322,138	484,460
Additions during the year	-	-	-	-	-	-	-	-	5,955	-	5,955
Balance as at 31 March 2021	484,000	1,435,340	186,218	469,606	1,366	63,880	25,938	2,666,348	168,277	322,138	490,415
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Reclassified to asset held for sale *	(139,000)	(406,760)	(53,853)	(86,149)	-	(21,678)	(13,813)	(721,253)	-	-	-
Balance as at 31 March 2022	345,000	1,028,580	132,365	383,457	1,366	42,202	12,125	1,945,095	168,277	322,138	490,415
Accumulated depreciation and amortisation**											
Balance as at 1 April 2020	-	235,696	43,150	83,169	218	35,678	10,431	408,342	7,167	6,678	13,845
Depreciation/ amortisation charge for the year	-	55,176	25,946	31,764	161	15,086	4,008	132,141	6,750	3,326	10,076
Balance as at 31 March 2021	-	290,872	69,096	114,933	379	50,764	14,439	540,483	13,917	10,004	23,921
Depreciation/ amortisation charge for the year	-	55,062	23,216	30,528	161	6,307	3,977	119,251	6,750	3,326	10,076
Reclassified to asset held for sale *	-	(133,289)	(35,645)	(35,002)	-	(20,594)	(10,998)	(235,528)	-	-	-
Balance as at 31 March 2022	-	212,645	56,667	110,459	540	36,477	7,418	424,206	20,667	13,330	33,997
Net carrying amount											
Balance as at 31 March 2021	484,000	1,144,468	117,122	354,673	987	13,116	11,499	2,125,865	154,360	312,134	466,494
Balance as at 31 March 2022	345,000	815,935	75,698	272,998	826	5,725	4,707	1,520,889	147,610	308,808	456,418

Refer to Note 18 for information on property, plant and equipment pledged as security by the Company. Further, the Company has pledged its property, plant and equipment in respect of loans obtained from bank by SAMHI Hotels Limited, Holding Company.

**Accumulated depreciation and amortisation includes impairment loss of INR 366,009.

4 Intangible assets

Reconciliation of carrying amount

	Computer software	Total
Gross carrying amount		
Balance as at 1 April 2020	40,364	40,364
Additions during the year	-	-
Balance as at 31 March 2021	40,364	40,364
Additions during the year	-	-
Reclassified to asset held for sale *	(12,278)	(12,278)
Balance as at 31 March 2022	28,086	28,086
Accumulated amortisation**		
Balance as at 1 April 2020	21,993	21,993
Amortisation expense for the year	9,114	9,114
Balance as at 31 March 2021	31,107	31,107
Amortisation expense for the year	4,100	4,100
Reclassified to asset held for sale *	(11,664)	(11,664)
Balance as at 31 March 2022	23,543	23,543
Net carrying amount		
Balance as at 31 March 2021	9,257	9,257
Balance as at 31 March 2022	4,543	4,543

*During the current year, the Board of Directors has decided to sell Company's specified hotel property and accordingly, all assets of such hotel property are available for sale in its present condition. The Company is committed to a plan to sell these assets and an active programme to locate a buyer and completing the plan has been initiated. The Company expects to dispose-off these assets within twelve months from its classification.

Due to aforesaid, the Company has reclassified a cash generating unit as asset held for sale. The asset held for sale has been measured at fair value less cost to sell for INR 300,000. The difference of INR 166,379 between carrying value and fair value has been recognised as an expense in the Statement of Profit and Loss as an exceptional item.

**Accumulated amortisation includes impairment loss of INR 1,273.

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(All amounts are in Indian Rupees('000), unless otherwise stated)

5 **Non-current financial assets - Others**
(Unsecured, considered good)

	As at 31 March 2022	As at 31 March 2021
Bank deposits with maturity more than 12 months from the reporting date*#	7,567	-
Security deposits	5,637	6,551
	13,204	6,551

* Including interest accrued on bank deposits INR 573 (31 March 2021 - INR Nil)
#includes fixed deposits under lien amounting to INR 4,061 (31 March 2021-INR Nil)

6 **Income tax assets (net)**

	As at 31 March 2022	As at 31 March 2021
Tax deducted at source	19,310	15,654
	19,310	15,654

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(All amounts are in Indian Rupees('000), unless otherwise stated)

7 Income tax

A. The major components of income tax expense / (income) are

	For the year ended 31 March 2022	For the year ended 31 March 2021
Recognised in profit or loss		
Current tax	-	-
Deferred tax	-	-
	-	-
Recognised directly in Other comprehensive income		
Re-measurement on defined benefit plan		
Before tax	(355)	(239)
Tax impact	-	-
After tax	(355)	(239)

B. Reconciliation of effective tax rate (tax expense and the accounting profit multiplied by Company's domestic tax rate)

	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Percentage	Amount	Percentage	Amount
Loss before tax		(527,487)		(619,423)
Tax using the Company's domestic tax rate	25.17	(132,768)	25.17	(155,896)
Non recognition of deferred taxes on temporary differences	(22.82)	120,388	(24.93)	154,406
Non-deductible differences - Others	(0.12)	646	(0.56)	3,440
Others	(2.22)	11,734	0.31	(1,950)
Effective tax rate	-	-	-	-

C. Deferred tax assets / liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets		
Unabsorbed business loss and depreciation	686,146	397,220
Provision for employee benefits	2,270	1,443
Loss allowance for doubtful debts	434	384
Others	606	1,477
	689,456	**400,524**
Deferred tax liabilities		
Property, plant and equipment, right of use assets and intangible assets	76,176	112,895
Borrowings	5,175	-
	81,351	**112,895**
Net deferred tax asset / (liabilities)	**608,105**	**287,629**
Deferred tax asset / (liability) recognised*	-	-

*As at year end, the Company has significant unabsorbed depreciation and carry forward business losses as per Income Tax Act, 1961. In view of absence of reasonable certainty of sufficient future taxable profits, deferred tax assets has been recognised to the extent of deferred tax liabilities only.

D. Movement in temporary differences

31 March 2022

Particulars	**Balance as at 1 April 2021**	**Recognised in profit or loss during financial year 2021-22**	**Balance as at 31 March 2022**
Deferred tax assets			
Property, plant and equipment, right of use assets and intangible assets	(112,895)	36,719	(76,176)
Unabsorbed business loss and depreciation	397,220	288,926	686,146
Provision for employee benefits	1,443	827	2,270
Loss allowance for doubtful debts	384	50	434
Deferred tax liabilities			
Others	1,477	(871)	606
Borrowings	-	(5,175)	(5,175)
Total	**287,629**	**320,476**	**608,105**

31 March 2021

Particulars	**Balance as at 1 April 2020**	**Recognised in profit or loss during financial year 2020-21**	**Balance as at 31 March 2021**
Property, plant and equipment, right of use assets and intangible assets	(103,510)	(9,385)	(112,895)
Unabsorbed business loss and depreciation	233,331	163,889	397,220
Provision for employee benefits	1,411	32	1,443
Loss allowance for doubtful debts	478	(94)	384
Others	1,512	(35)	1,477
Total	**133,222**	**154,407**	**287,629**

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Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees('000), unless otherwise stated)

E. Tax Losses carried forward

Tax losses for which no deferred tax asset was recognised with expiry date are as follows:-

	As at 31 March 2022 Amount	Expiry Date (Financial Year)
Business loss	199,151	2029-30
Business loss	467,475	2028-29
Business loss	269,116	2027-28
Business loss	317,360	2026-27
Unabsorbed depreciation	1,443,164	Never expire

	As at 31 March 2021 Amount	Expiry Date (Financial Year)
Business loss	467,475	2028-29
Business loss	269,116	2027-28
Business loss	317,360	2026-27
Unabsorbed Depreciation	1,285,147	Never expire

(All amounts are in Indian Rupees('000), unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
8	**Other non-current assets** *(Unsecured, considered good)*		
	Prepaid expenses	2,984	1,641
	Taxes paid under appeal	15,362	15,362
		18,346	17,003

		As at 31 March 2022	As at 31 March 2021
9	**Inventories** *(valued at the lower of cost or net realisable value)*		
	Food and beverages	3,168	2,735
		3,168	2,735

		As at 31 March 2022	As at 31 March 2021
10	**Current financial assets - Trade receivables**		
	Unsecured, considered good	25,027	24,340
	Unsecured, credit impaired	1,724	1,525
		26,751	25,865
	Less: Allowance for bad and doubtful debts	(1,724)	(1,525)
		25,027	24,340

a) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 39

Trade receivable ageing schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	20,007	1,193	2,102	1,310	363	25,027
Undisputed Trade receivables – credit impaired	-	837	417	241	229	1,724
Total	20,007	2,030	2,519	1,551	592	26,751

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	18,312	3,127	2,433	468	-	24,340
Undisputed Trade receivables – credit impaired	-	457	545	523	-	1,525
Total	18,312	3,584	2,978	991	-	25,865

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees('000), unless otherwise stated)

11	Current financial assets - Cash and cash equivalents	As at 31 March 2022	As at 31 March 2021
	Balances with banks		
	- on current accounts	74,297	71,062
	Cash on hand	952	614
		75,249	71,676

12	Current financial assets - Other bank balances	As at 31 March 2022	As at 31 March 2021
	Bank deposits with original maturity of more than 3 months but less than 12 months *#	-	11,277
		-	11,277

* Includes interest accrued on bank deposits INR Nil (31 March 2021 - INR 2,438)
# Includes bank deposits under lien amounting to INR Nil (31 March 2021 - INR 11,277)

13	Current financial assets - Others *(Unsecured, considered good)*	As at 31 March 2022	As at 31 March 2021
	Unbilled revenue *	5,764	2,996
	Security deposits	682	523
	Government grant receivable #	1,289	662
		7,735	4,181

The Company is availing export incentive under Service Exports from India Scheme (SEIS). Under the scheme, the Company is entitled to receive SEIS licenses based on the annual earnings in foreign currency. These licenses can be utilized by the Company or sold in the market. During the year, the Company has recognised income of INR 627 (31 March 2021 – INR Nil) and the Company has written off government grant of INR Nil (31 March 2021 – INR 435).

*Net of advance from customers of INR 1,772 (31 March 2021-INR 1,463)

14	Other current assets *(Unsecured, considered good)*	As at 31 March 2022	As at 31 March 2021
	Staff advance	169	154
	Advance to suppliers	6,144	8,491
	Balance with statutory authorities	34,061	38,666
	Prepaid expenses*	9,103	6,206
		49,477	53,517

*Includes current portion of non-current prepaid expenses amounting to INR 1,098 (31 March 2021-INR 240)

15	Asset held for sale	As at 31 March 2022	As at 31 March 2021
	Asset held for sale (Refer note 3)	300,000	-
		300,000	-

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees ('000), unless otherwise stated)

16 **Equity share capital**

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of INR 10 each	102,000,000	1,020,000	102,000,000	1,020,000
	102,000,000	1,020,000	102,000,000	1,020,000
Issued, subscribed and fully paid up				
Equity shares of INR 10 each	7,770,492	77,705	7,770,492	77,705
	7,770,492	77,705	7,770,492	77,705

a) Reconciliation of the equity shares outstanding at the beginning and at the end of reporting year

	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
At the beginning of the year	102,000,000	1,020,000	102,000,000	1,020,000
Add : Issued during the year	-	-	-	-
Balance at the end of the year	102,000,000	1,020,000	102,000,000	1,020,000
Issued, subscribed and fully paid up				
At the beginning of the year	7,770,492	77,705	7,770,492	77,705
Balance at the end of the year	7,770,492	77,705	7,770,492	77,705

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having the par value of INR 10 per share. Each holder of equity share is entitled to one vote per share. The equity shares are entitled to receive dividend as and when declared. In the event of liquidation of the Company, the holder 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.

c) Shares held by holding company/ or their subsidiaries/ associates

	As at 31 March 2022		As at 31 March 2021	
Name of shareholder	Number of shares	Amount	Number of shares	Amount
Equity shares of INR 10 each				
SAMHI Hotels Limited (Holding Company)*	7,770,492	77,705	7,770,492	77,705

d) Details of shareholders holding more than 5% equity shares in the Company and equity shares held by the Holding Company

	As at 31 March 2022		As at 31 March 2021	
Name of shareholder	Number of shares	Amount	Number of shares	Amount
Equity shares of INR 10 each				
SAMHI Hotels Limited (Holding Company)*	7,770,492	100%	7,770,492	100%

*1 equity share is held by Mr. Gyana Das as a nominee shareholder

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) No shares have been allotted without payment of cash or by way of bonus shares or bought back during the period of five years immediately preceding the Balance Sheet date.

f) Details of promoters shareholding as at year end :

As at 31 March 2022

S No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
1	SAMHI Hotels Limited (Holding Company)	7,770,492	-	7,770,492	100%	-

As at 31 March 2021

S No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
1	SAMHI Hotels Limited (Holding Company)	7,770,492	-	7,770,492	100%	-

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees ('000), unless otherwise stated)

17 Other equity

	As at 31 March 2022	As at 31 March 2021
Retained earnings	(2,583,658)	(2,055,816)
Capital reserve	380,481	380,481
Equity component of interest free loan from holding company	2,731,474	-
	528,297	(1,675,335)

a) Retained earnings

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	(2,055,816)	(1,436,154)
Loss for the year	(527,487)	(619,423)
Transferred from other comprehensive income	(355)	(239)
	(2,583,658)	(2,055,816)

Retained earnings represent the amount of accumulated profits/(losses) of the Company.

b) Other comprehensive income - Remeasurements of defined benefit plans (net of tax)

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	-	-
Remeasurements of defined benefit liability / asset (net of tax)	(355)	(239)
Transferred to retained earnings	355	239
Balance at the end of the year	-	-

Remeasurements of defined benefit liability / asset comprises actuarial gains and losses.

c) Capital reserve

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	380,481	380,481
Balance at the end of the year	380,481	380,481

This represents capital reserve on merger.

d) Equity component of interest free loans from Holding Company

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	-	-
Add : Modification of financial liabilities made during the year (Refer note 18)	2,731,474	-
	2,731,474	-

This represents the equity component of the interest free loan received from SAMHI Hotels Limited, the Holding company.
During the current year, terms of unsecured loan from Holding Company have been modified w.e.f 1 April 2021 which are as below:
- Loan to be considered as perpetual debt
- Nil rate of interest
- Repayable at the option of the borrower

As per the amended terms, entire liability portion including interest accrued as on 31 March 2021 has been transferred to other equity based on principles of Ind AS.

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees ('000), unless otherwise stated)

18 Borrowings	As at 31 March 2022	As at 31 March 2021
Term loan from bank secured (refer 'a' below)	1,169,439	1,167,724
Less: Current maturities of long-term borrowings (Refer note 21)	(323,333)	-
	846,106	1,167,724
Unsecured loan from Holding Company* (refer 'b' below)	127,668	2,731,474
	127,668	2,731,474
	973,774	3,899,198

*Includes accrued interest of INR 4,918 (31 March 2021 - INR 972,501)

a) **Term loan taken from bank:**

Sanction amounts
Secured loan from Standard Chartered Bank - INR 1,120,000 (31 March 2021- INR 1,120,000)
Secured working capital loan from Standard Chartered Bank-INR 70,000 (31 March 2021-INR 70,000)

Secured term loan and working capital loan are secured by following five hotel properties of the Company:
1)Itb Campus, Whitefield, Bengaluru
2) Mahabalipuram Road, Semmancheri, Chennai
3) Haiderpur, Shalimar Bagh, New Delhi
4) Thite Nagar, Kharadi, Pune
5) Anjuna, Simvaddo Goa

Terms of Secured loan
Term loan from bank is secured by First charge:
1) First charge on five hotel properties of the Company.
2) First charge/hypothecation on, moveable fixed assets of Company's five hotel properties.
3) First charge on present and future receivables of five of Company's hotel properties.
4) 30% pledge of Company's shares held by its holding company.

It carries an interest rate of 12%-13% per annum (31 March 2021-12%-13% per annum). The loan amount is repayable in installments including all the dues after a period of 2 years from the date of providing the facility.

Terms of Secured working capital term Loan from Standard Chartered Bank
Working capital term loan from bank is secured by second charge:
1) Second charge on Company's five hotel properties.
2) Second charge/hypothecation on , moveable fixed assets of Company's five hotel properties.
3) Second charge on present and future receivables of five of Company's hotel properties.

It carries an interest rate of 9.25% p.a.(31 March 2021-9.25% p.a.).The loan is repayable in 36 monthly installments after 12 months from first disbursement date.

b) Unsecured loan from holding company
In earlier years, the Company had taken unsecured loan from SAMHI Hotels Limited, the holding company which carried interest @ 12% p.a. The above loan was repayable on demand as per the mutual consent of both parties.
During the current year, terms of unsecured loan from holding company have been modified w.e.f 1 April 2021 i.e loan outstanding as on 1 April 2021 (including accrued interest) amounting to INR 2,731,474 has been converted into perpetual debt (refer note 17).

Further, during the current year, the Company has taken unsecured loan from SAMHI Hotels Limited, the holding company, which carries interest @ 9.25% p.a. which is repayable within 5 years from the date of first disbursement.

c) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 39.

d) The Company did not have any continuing defaults as on the balance sheet date in the repayment of loans and interest. There have been no material loan covenant defaults and there has been no intimation from the bank for recalling any loan facility.

e) The Company has availed moratorium on principal and interest payments with reference to RBI circular DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated 23 May 2020 for the period 1 March 2020 to 31 August 2020. Accordingly, principal repayments falling due during the period 1 March 2020 to 31 August 2020 have been shifted across the board, wherever applicable, resulting in increasing the loan tenure by 6 months. Further, interest has been capitalised in the loan value on certain borrowings and it will be payable in proportion to ratio of the original principal repayments basis or will be paid along with the last installment of loan basis correspondence from the bank.

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees ('000), unless otherwise stated)

19 Non-current financial liabilities - Lease liabilities

	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer note 44)	248,426	245,587
	248,426	**245,587**

20 Non current provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity (Refer note 30)	1,833	1,575
Compensated absences (Refer note 30)	1,335	1,914
	3,168	**3,489**

21 Current financial liabilities - Borrowings

	As at 31 March 2022	As at 31 March 2021
Current maturities of long-term borrowings (Refer note 18)	373,333	-
	373,333	-

22 Current financial liabilities - Lease liabilities

	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer note 44)	25,408	25,038
	25,408	**25,038**

23 Current financial liabilities - Trade payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	2,010	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	277,546	186,472
	279,556	186,472

a) Refer Note 43 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)
b) Refer Note 38 for dues to related parties.
c) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 35.

Trade payables ageing schedule

As at 31 March 2022

Particulars	Outstanding for following periods from date of payment					
	Accrued expenses	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	1,860	150	-	-	2,010
Others	77,685	107,550	36,390	40,563	15,358	277,546
Total	77,685	109,410	36,540	40,563	15,358	279,556

As at 31 March 2021

Particulars	Outstanding for following periods from date of payment					
	Accrued expenses	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	70,816	44,976	47,865	10,693	12,122	186,472
Total	70,816	44,976	47,865	10,693	12,122	186,472

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(All amounts are in Indian Rupees (₹000), unless otherwise stated)

24 Current financial liabilities - Others

	As at 31 March 2022	As at 31 March 2021
Employee related payables	4,196	4,417
Payable for capital assets	11,333	15,715
Payable to related parties	-	2,141
	15,529	22,273

25 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Advance from customers	5,846	7,958
Statutory dues payable	9,152	17,037
	14,998	24,995

26 Current provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity (Refer note 30)	1,099	840
Compensated absences (Refer note 30)	589	1,404
	1,688	2,244

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(All amounts are in Indian Rupees ('000), unless otherwise stated)

27 Revenue from operations	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products and services		
- Room revenue	316,541	173,636
- Food and beverage revenue	100,155	61,869
- Recreation and other services	4,304	3,339
	421,000	238,844

Contract Balances

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised when the performance obligation is over/ services delivered. Advance collection is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/restaurant/banquets. Revenue is recognised once the performance obligation is met i.e. on room stay/ sale of food and beverage / provision of banquet services.
The contract assets primarily relate to excess of revenue over invoicing (i.e. unbilled revenue).

	As at 31 March 2022	As at 31 March 2021
Contract liabilities		
- Advance from customers	3,945	2,858
Contract assets		
- Unbilled revenue	3,361	2,896

Note: Considering the nature of business of the Company, the above contract liabilities are generally materialised as revenue and contract assets are converted into cash/trade receivables within the same operating cycle.

28 Other income	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from financial assets at amortised cost		
- bank deposits	664	2,592
Government grant	527	-
Provision no longer required written back	-	536
Interest on income tax refund	-	183
Rebate on rent	11,547	11,633
Unwinding of discount on security deposit	91	134
	13,329	15,102

29 Cost of materials consumed	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of food and beverages		
Inventory at the beginning of the year	2,735	3,067
Add : Purchases	36,338	21,158
Less: Inventory at the end of the year	(2,334)	(2,735)
	36,739	21,490

30 Employee benefits expense	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	86,575	81,393
Contribution to provident fund and other funds (Refer 'a' below)	5,880	5,452
Compensated absences (Refer 'b' below)	-	-
Gratuity expense (Refer 'c' below)	602	564
Staff welfare expenses	13,453	13,287
	106,510	100,697

a. Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Labour Welfare Fund and Employees' State Insurance, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund, Labour Welfare Fund and Employees' State Insurance for the year aggregated to INR 5,880 (31 March 2021 - INR 5,452) Also refer note 37.

b. Compensated absences
The principal assumptions used in determining the compensated absences benefit obligation are as given below:

Particulars	For the year ended 31 March 2022 %	For the year ended 31 March 2021 %
Discounting rate (p.a)	4.87	4.55
Future salary increase (p.a)	6.50	6.50

c. Defined benefit plan
Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is not funded.
The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in the Balance Sheet for the said plan:

a) Expense recognised in Profit or Loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	493	475
Interest cost	109	88
Total included in 'Employee benefits expense'	602	564

b) Remeasurements recognised directly in other comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
- changes in financial assumptions	(118)	24
- changes in experience adjustments	373	215
Amount recognised in other comprehensive income	255	239

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c) **Change in present value of benefit obligation**

	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of obligation as at the beginning of the year	2,413	1,780
Current service cost	403	476
Interest cost	109	88
Remeasurements of defined benefit liability / asset (net of tax)	355	239
Benefits paid	(305)	(170)
Present value of obligation as at the end of the year	2,976	2,413

d) **Amounts to be recognised in Balance Sheet**

	As at 31 March 2022	As at 31 March 2021
Present value of the defined benefit obligation at the end of the year	2,976	2,413
Funded status	-	-
Net liability recognised in the Balance Sheet	2,976	2,413
Non-current	1,877	1,573
Current	1,099	840

e) **The principal assumptions** used in determining the gratuity benefit obligation are as given below

	As at 31 March 2022	As at 31 March 2021
Economic assumptions	%	%
Discounting rate (p.a.)	4.87	4.55
Future salary increase (p.a.)	6.50	6.50

The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
The salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Demographic assumptions	As at 31 March 2022	As at 31 March 2021
Retirement age (years)	58	58
Withdrawal Rate	%	%
Ages		
Up to 30 Years	50%	50%
From 31 to 44 years	50%	50%
Above 44 years	50%	50%
Mortality Rate	100% Indian assured lives mortality (2012 - 14)	100% Indian assured lives mortality (2012 - 14)

f) The Company best estimate of expense for the next year is INR 539 (31 March 2021: INR 840)

g) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 March 2022	
	Increase *	Decrease *
Discount rate (0.5% movement)	(27)	28
Future salary growth (0.5% movement)	27	(27)

	31 March 2021	
	Increase *	Decrease *
Discount rate (0.5% movement)	(34)	35
Future salary growth (0.5% movement)	34	(34)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

* Positive amount represents increase in provision and negative amount represents decrease in provision

g) **Maturity profile of defined benefit obligation**

Year	As at 31 March 2022
April 2022- March 2023	1,099
April 2023- March 2024	988
April 2024- March 2025	449
April 2025- March 2026	189
April 2026- March 2027	81
April 2027- March 2028	33
April 2028 onwards	137
	2,976

Year	As at 31 March 2021
April 2021- March 2022	840
April 2022- March 2023	662
April 2023- March 2024	364
April 2024- March 2025	157
April 2025- March 2026	66
April 2026 onwards	326
	2,413

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(All amounts are in Indian Rupees '000, unless otherwise stated)

31	Finance costs	For the year ended 31 March 2022	For the year ended 31 March 2021
	Interest expense on financial liabilities carried at amortised cost on		
	- Term loan from banks	152,422	51,944
	- Loan from holding company	5,045	209,428
	Interest expense on lease liabilities	27,249	26,936
	Interest on delay on deposit of statutory dues	2,566	-
	Other finance costs	28,643	1,739
		215,925	290,047

32	Depreciation and amortisation expense	For the year ended 31 March 2022	For the year ended 31 March 2021
	Depreciation on property, plant and equipment	119,251	132,150
	Amortisation of Right-of-use assets	10,076	10,076
	Amortisation of intangible assets	4,100	9,114
		133,427	151,340

33	Other expenses	For the year ended 31 March 2022	For the year ended 31 March 2021
	Repair and maintenance		
	- Building	16,930	14,184
	- Machinery	13,277	12,173
	- Others	8,293	1,796
	Advertisement and business promotion	10,671	6,733
	Commission	24,576	15,678
	Communication	9,620	8,715
	Consumption of stores and supplies	25,992	16,420
	Contractual labour	11,610	8,052
	General administration expenses	3,305	3,385
	Bank charges	190	122
	Insurance	2,541	2,196
	Legal and professional charges	29,779	34,807
	Loss on foreign exchange fluctuation (net)	2,409	21
	Management and incentive fees	9,851	5,221
	Payment to auditors*	2,240	2,050
	Power, fuel and water	65,958	40,438
	Provision for bad and doubtful debts	199	-
	Advances written off	-	799
	Government grant written off	-	435
	Rates and taxes	20,815	16,938
	Training expenses	103	1,303
	Travelling expenses	7,974	4,679
	Miscellaneous expenses	8,405	10,251
		282,626	219,835

*Payment to auditors

Statutory audit	2,180	2,000
Reimbursement of expenses	60	50
	2,240	2,050

34	Exceptional items	For the year ended 31 March 2022	For the year ended 31 March 2021
	Loss on reclassification of asset held for sale (Refer note 3)	186,379	-
		186,379	-

35	Earnings per share (EPS)	For the year ended 31 March 2022	For the year ended 31 March 2021
	Net loss attributable to equity shareholders	(527,487)	(583,423)
	Weighted average number of equity shares outstanding during the period for calculation of basic EPS	7,770,492	7,320,492
	Weighted average number of equity shares outstanding during the period for calculation of diluted EPS	7,770,492	7,320,492
	Nominal value of equity share (INR)	10	10
	Basic earnings per share (INR)	(67.88)	(79.71)
	Diluted earnings per share (INR)	(67.88)	(79.71)

Argon Hotels Pvt. Ltd.

36 Operating Segments

The Holding Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker ('CODM'), since he is responsible for all major decisions w.r.t. the preparation and execution of business plan, preparation of budget, planning, alliance, merger, acquisition and expansion of any new facility. CODM has examined the Company's performance from product and geographic perspective and has identified a single business segment i.e. "Developing and running of hotels", hence no specific disclosures have been made.

A. Information about products and services
The Company primarily deals in one business namely "Developing and running of hotels", therefore product wise revenue disclosure is not applicable.

B. Information about geographical areas
The Company provides services to customers in India. Further, there are no non-current assets located outside India.

C. Information about major customers (from external customers)
The Company does not derive revenue from one customer which would amount to 10 per cent or more of the entity's revenue.

37 Contingent liabilities and commitments
(to the extent not provided for)

Contingent liabilities
a. During the year ended 31 March 2017, the Company terminated the services of an employee (who was on probation at the time of termination), following which he filed a suit before the Delhi High court claiming wrongful termination of employment and seeking compensation of INR 45,000 towards damages and losses. The matter was summarily dismissed by the said court. The employee filed an appeal before the Delhi High Court which is pending for hearing and final disposal. The Company's management does not reasonably expect that this legal action, when ultimately concluded and determined, will have a material adverse effect on the Company's results of operations or financial condition. Further, this matter was instituted against the Company prior to its acquisition by the current shareholders and is covered under specific indemnities provided by the erstwhile shareholders.

b. In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution only for the year 2018-19 in the books of accounts amounting to INR 2,339 .Based on legal advice, the Company reversed the provision made for the period April 2018 to February 2019 amounting to INR 2,109 in the previous year ended 31 March 2020.

c. The Company has received an assessment order for financial year 2016-17 whereby an addition of INR 91,695 has been made to the total income of the Company. The Company has deposited INR 15,362 against total demand of INR 76,812 and has filed an appeal before the Commissioner of Income-tax (Appeals) against the said addition which is pending for disposal. Based on the merits of the arguments put forward, the Company is of the view that the outcome will be in its favor and no provision is required to be created in the books.

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees('000), unless otherwise stated)

38 Related party disclosures

a) Related party and nature of related party relationship where control exists:

Description of relationship	Name of related party
Holding Company	SAMHI Hotels Limited (formerly known as SAMHI Hotels Private Limited)

b) Related parties with whom transactions have taken place during the current year and previous year:

Description of relationship	Name of related party
Holding Company	SAMHI Hotels Limited (formerly known as SAMHI Hotels Private Limited)
Fellow Subsidiary	SAMHI JV Business Hotels Private Limited
Fellow Subsidiary	Ascent Hotels Private Limited
Fellow Subsidiary	CASPIA Hotels Private Limited
Fellow Subsidiary	SAMHI Hotels (Ahmedabad) Private Limited

c) Related party transactions during the current year and previous year

Particulars	Holding Company		Fellow Subsidiary	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Non-current financial liabilities - Borrowings				
Loan received during the year	122,750	36,200	-	-
Loan repaid during the year	-	747,000	-	-
				-
Equity component of interest free loan from holding company				
Modification of financial liabilities made during the year (refer note 17)	2,731,474	-	-	-
Finance cost				
Interest on unsecured loan	5,043	289,428	-	-
Other expenses				
Legal and professional charges (refer note 41)	19,494	37,430	-	-
Revenue from operations				
Recreation and other services				
-SAMHI Hotels (Ahmedabad) Private Limited	-	-	-	324
-SAMHI JV Business Hotels Private Limited	-	-	-	1,158
Other expenses				
Reimbursement of expenses				
-SAMHI Hotels Limited	-	2,590	-	-
-SAMHI JV Business Hotels Private Limited	-	-	4,656	-
-Ascent Hotels Private Limited	-	-	21	-
-CASPIA Hotels Private Limited	-	-	632	-
-SAMHI Hotels (Ahmedabad) Private Limited	-	-	395	-

In addition to transactions above, the holding company has obtained loan from bank against mortgage of hotel properties and pledge of receivables and moveable assets of the Company.

d) Outstanding balances at the year end

Particulars	Holding Company		Fellow Subsidiary	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Non-current financial liabilities - Borrowings				
Unsecured loan from holding company (including accrued interest)	127,668	2,731,474	-	-
Other equity				
Equity component of interest free loans from Holding company	2,731,474	-	-	-
Trade payables				
SAMHI JV Business Hotels Private Limited	-	-	3,684	1,551
SAMHI Hotels Limited	22,163	-	-	-
Ascent Hotels Private Limited	-	-	21	-
CASPIA Hotels Private Limited	-	-	433	-
SAMHI Hotels (Ahmedabad) Private Limited	-	-	1,547	1,900
Other payables				
SAMHI Hotels Limited	-	2,147	-	-
Trade receivables				
SAMHI JV Business Hotels Private Limited	-	-	-	35

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

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(All amounts are in Indian Rupees'000, unless otherwise stated)

39 Financial instruments – Fair values and risk management

A) Financial instruments by category and fair value

The below table summarises the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Particulars	31 March 2022			
	Level of hierarchy	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Other Comprehensive Income (FVTOCI)	Amortised Cost
Financial assets				
Non-current				
Other financial assets				
Bank deposits with maturity more than 12 months from the reporting date		-	-	7,367
Security deposits	3	-	-	5,637
Current				
Trade receivables		-	-	25,037
Cash and cash equivalents		-	-	33,249
Other financial assets		-	-	7,715
Total financial assets		-	-	128,215
Financial liabilities				
Non-current				
Borrowings	2	-	-	973,774
Lease liabilities	3	-	-	249,476
Current				
Borrowings	2	-	-	323,333
Trade payables		-	-	270,556
Lease liabilities	3	-	-	25,408
Other financial liabilities		-	-	13,329
Total financial liabilities		-	-	1,865,876

Particulars	31 March 2021			
	Level of hierarchy	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Other Comprehensive Income (FVTOCI)	Amortised Cost
Financial assets				
Non-current				
Other financial assets				
Security deposits	3	-	-	8,551
Current				
Trade receivables		-	-	24,380
Cash and cash equivalents		-	-	71,626
Bank balances other than cash and cash equivalents		-	-	11,237
Other financial assets		-	-	4,181
Total financial assets		-	-	108,035
Financial liabilities				
Non-current				
Borrowings	2	-	-	3,899,188
Lease liabilities	3	-	-	246,517
Current				
Trade payables		-	-	156,472
Lease liabilities	3	-	-	75,098
Other financial liabilities		-	-	22,277
Total financial liabilities		-	-	4,379,092

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees('000), unless otherwise stated)

A) Financial instruments by category and fair value

Financial assets and liabilities measured at amortised cost - Fair value measurements

	As at 31 March 2022	As at 31 March 2021
Financial assets		
Non current - Security deposits (Level 3)	5,150	6,370

The fair value of trade receivables, unbilled revenue, cash and cash equivalents, other bank balances, other current financial assets, current borrowings, trade payables and other current financial liabilities approximate their carrying amounts, due to their short-term nature.

Interest rates on non-current borrowings (term loans from banks) are equivalent to the market rate. Such borrowings are contracted at floating rates and rates are reset at short intervals. Accordingly, the carrying value of such borrowings approximates fair value.

Fair value of bank deposits included in other non-current financial assets are equivalent to their carrying amount, as the interest rate on them is equivalent to market rate.

The carrying value of lease liabilities approximates the fair values as on the reporting date, as these are carried at amortised cost and are based on the net present value of the anticipated future cash flows using applicable discount rate.

The fair values for security deposits forming part of non-current other financial assets were calculated based on discounted cash flows using an appropriate discount rate.

B) Measurement of fair values
The different levels of fair value have been defined below:
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period.
Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There have been no valuations of financial instruments under Level 2.
There have been no transfers in either direction for the years ended 31 March 2022 and 31 March 2021.
The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation technique used to determine fair value
Specific valuation technique used to value financial instruments include:
- the fair values for non-current security deposits were calculated based on cash flows discounted using current lending rate.

Details of significant unobservable inputs for measurement of fair values
Non-current loans - Risk adjusted discount rate

C) Financial risk management

Risk management framework

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Holding Company's Chief Financial Officer under the directions of the Board of Directors implements financial risk management policies across the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to limits in order to minimise the financial impact of such risks. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represent the maximum credit risk exposure. The Company has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

To cater to the credit risk for balances with banks and, only high rated banks are accepted.

The Company has given security deposits to Government departments and vendors. Further, the Company has other receivable balances outstanding as at year end from vendors against cost reimbursement. The Company has also recognised government grant receivable in respect of export incentives. The Company does not expect any default from these parties and accordingly the risk of default is negligible or nil.

In respect of credit exposures from trade receivables/unbilled revenue, the Company has policies in place to ensure that sales on credit without collateral are made principally to travel agents and corporate companies with an appropriate credit history. Sales to other customers are made in cash or by credit cards.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, their geographical location, industry and existence of previous financial difficulties, if any.

During the period, the Company has made no write offs of trade receivables.

Reconciliation of loss allowance provision

	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening balance	1,525	1,859
Changes in loss allowance	199	(334)
Closing balance	1,724	1,525

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

ii. Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

Ultimate responsibility for liquidity risk management rests with the holding company's Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium term and long-term funding and liquidity management requirements. Refer note 42 which covers liquidity risk management of the Company.

Argon Hotels Pvt. Ltd.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

31 March 2022	Carrying amount	Contractual cash flows Total	0-1 year	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities						
Non-current borrowings	973,774	994,324	-	34,533	341,401	618,050
Current borrowings	323,333	323,333	323,333	-	-	-
Lease liabilities	273,834	728,192	25,408	25,408	82,705	604,671
Trade payables	279,556	279,556	279,556	-	-	-
Other current financial liabilities	15,529	15,529	15,529	-	-	-
	1,866,026	2,350,944	643,826	59,941	424,106	1,213,871

31 March 2021	Carrying amount	Contractual cash flows Total	0-1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-current borrowings	3,899,198	3,839,198	-	26,133	119,267	3,694,710
Lease liabilities	271,643	763,249	25,058	25,408	99,417	533,360
Trade payables	186,472	185,472	185,472	-	-	-
Other current financial liabilities	22,277	22,277	22,277	-	-	-
	4,379,593	4,871,196	233,807	51,541	218,684	4,227,264

iii. Market risk
The Company is exposed to market risk primarily relating to the risk of changes in market prices, such as foreign exchange rates and interest rates, that will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

The Company's exposure to foreign currency risk is on account of payables on account of imports of capital goods, foreign currency borrowings and other expenditure in currencies other than the functional currency of the Company.

Exposure to currency risk

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

31 March 2022	Currency	Amount in foreign currency (in thousand)	Amount in INR (in thousand)
Financial liabilities			
Trade payables	USD	1,500	113,743

31 March 2021	Currency	Amount in foreign currency (in thousand)	Amount in INR (in thousand)
Financial liabilities			
Trade payables	USD	630	45,568

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currency at year end would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	(Profit) / loss Strengthening	(Profit) / loss Weakening	Equity, net of tax (increase) / decrease Strengthening	Equity, net of tax (increase) / decrease Weakening
31 March 2022				
USD (1% movement)	1,137	(1,137)	1,137	(1,137)

Effect in INR	(Profit) / loss Strengthening	(Profit) / loss Weakening	Equity, net of tax (increase) / decrease Strengthening	Equity, net of tax (increase) / decrease Weakening
31 March 2021				
USD (1% movement)	456	(456)	456	(456)

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(All amounts are in Indian Rupees ('000), unless otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates.

The Company evaluates the interest rates in the market on a regular basis to explore the option of refinancing of the borrowings of the company. Moreover, the Company's borrowings are linked to floating interest rates, thereby resulting in the adjustments of its borrowing costs in line with the market interest.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments is as follows:

	Nominal amount	
	31 March 2022	31 March 2021
Fixed-rate instruments		
Financial assets - bank deposits	7,367	11,277
Financial liabilities - Unsecured loan from Holding company	127,668	2,751,474
Variable-rate instruments		
Financial liabilities - Term loans from banks	1,159,439	1,067,324

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	(Profit) / loss		Equity, net of tax (increase) / decrease	
	100 bps increase	100 bps decrease	100 bps increase	100 bp decrease
31 March 2022				
Variable-rate instruments	11,594	(11,594)	11,594	(11,594)
Cash flow sensitivity (net)	11,594	(11,594)	11,594	(11,594)
31 March 2021				
Variable-rate instruments	4,353	(4,353)	4,353	(4,353)
Cash flow sensitivity (net)	4,353	(4,353)	4,353	(4,353)

48 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of directors of the Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Company monitors capital using loan to value (LTV) method to ensure that the loan to value does not increase beyond 55% on any given reporting date at a group level.
As a part of its capital management policy, the Company ensures compliance with all covenants and other capital requirements related to regulatory or contractual obligations of material consequence to the Company. Also refer note 42.

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(All amounts are in Indian Rupees('000), unless otherwise stated)

41 During the current year, SAMHI Hotels Limited (Holding Company) has allocated expenses amounting to INR 19,494 (31 March 2021 - INR 37,430) as Company's share of project expenses and other costs incurred.

42 **Note on Going concern and impact of COVID-19**

The Company is facing liquidity challenges which have been accentuated by uncertainty due to COVID-19. The Company has net worth of Rs. 606,002 as at 31 March 2022, incurred a net loss of INR 527,487 during the year ended 31 March 2022 and, as of that date, the Company's current liabilities exceeded its current assets by INR 201,240. As on 31 March 2022, the Company has been largely funded by loans from banks and there are repayments of INR 323,333 due within 12 months of the balance sheet date. The Company has cash and bank balance of INR 75,249 with it as on 31 March 2022 which will assist for meeting its short term liabilities for next 12 months. The business of the Company was impacted during the year on account of COVID-19. During few months of the year, the Company witnessed softer revenues due to the subsequent waves of COVID-19 and consequent lockdowns in several states across the country.

With increased vaccinations and consequent reduction in number of cases and easing of all restrictions, the Company has witnessed a recovery. Starting from Q3 FY 2022, the Company has demonstrated improved business performance in terms of Average Room Revenue (ARR) and Occupancy levels. ARR and Occupancy levels in Q1 FY 2023 have reached INR 4,021 and 74%. The Company has continued financial and operational support provided to the Company by SAMHI Hotels Limited (the holding company), has projected to generate profits from its operations and has undrawn credit facility of INR 378,000 as on 31 March 2022.

The Company has assessed the possible impact of COVID-19 in preparation of the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. The Company has considered internal and external sources of information and has performed sensitivity analysis on the assumptions used and based on current estimates, expects to recover the carrying amount of these assets. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

In view of the above, the management and the Board of Directors believe that the Company will be able to meet all its contractual obligations and liabilities as and when they fall due in near future and accordingly, these financial statements have been prepared on a going concern basis.

43 **Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

	As at 31 March 2022	As at 31 March 2021
Dues to micro, small and medium suppliers		
The amounts remaining unpaid to any supplier as at the end of the year:		
Principal amount	1,958	-
Interest thereon	18	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	
The amount of payments made to Micro and Small Suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006.	34	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	52	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	52	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 and 31 March 2021 has been made in the financial statements based on information received and available with the Company.

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees('000), unless otherwise stated)

44 Lease disclosures

Details of rent expenses:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Expense relating to low value and short term leases	-	373
Total Rent	-	373

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2022:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
0-1 year	25,408	25,058
1-2 years	25,408	25,408
2-5 years	82,705	80,417
More than 5 years	604,671	632,366
Total Lease payments	738,192	763,249

The reconciliation of lease liabilities is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance as at 1 April 2021	271,645	268,019
Amounts recognised in statement of profit and loss as interest expense	27,249	26,936
Rebate on rent	(11,947)	(11,655)
Payment of lease liabilities	(13,113)	(11,655)
Balance as at 31 March 2022	273,834	271,645

Most of the leases entered by the Company are long term in nature and the underlying leased properties are being used as hotel properties.

45 New standards and interpretations, not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 - Reference to Conceptual Framework
The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 16 - Proceeds before intended use
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract
The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 - Annual Improvements to Ind AS (2021)
The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 - Annual Improvements to Ind AS (2021)
The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Argon Hotels Pvt. Ltd.

(All amounts are in Indian Rupees('000), unless otherwise stated)

46. Ratios as required by Schedule III to the Companies Act, 2013:

Ratio	In times/%	Numerator	Denominator	31 March 2022	31 March 2021	Remarks
(a) Current Ratio	in times	Total Current Assets	Total Current Liabilities	0.78	0.63	Since the variance is less than 25%, there is no requirement to disclose the reason for variance
(b) Debt-Equity Ratio	in times	Total Borrowings	Total Equity	2.14	(7.44)	During the current year, debt equity ratio has improved due to reclassification of loan from holding company as other equity
(c) Debt Service Coverage Ratio	in times	Loss before finance costs, depreciation, amortisation, tax and exceptional items	Debt service : Interest paid + Principal Repayments of long term borrowings	0.07	(0.07)	Debt Service Coverage Ratio has improved due to significant reduction in losses during the year
(d) Return on Equity Ratio	in %	Loss after tax	Average Total Equity	100%	66%	Return on equity ratio has improved due to significant improvement in financial performance during the year
(e) Inventory turnover ratio *	in times	NA	NA	NA	NA	NA
(f) Trade Receivables turnover ratio	in times	Revenue from operations	Average Trade Receivables	17.06	8.20	Trade receivables turnover ratio improved due to better efficiency in collections
(g) Trade payables turnover ratio	in times	Cost of materials consumed + Other expenses	Average Trade Payables	1.37	1.37	Since the variance is less than 25%, there is no requirement to disclose the reason for variance
(h) Net capital turnover ratio	in times	Revenue from operations	Average Working capital	(3.90)	(1.29)	The change is on account of increase in revenue from operations due to improvement in business
(i) Net profit ratio	in %	Loss after tax	Revenue from operations	-35%	-210%	Net profit ratio improved over the previous year due to reduction in losses during the current year
(j) Return on Capital employed	in %	Loss before interest and taxes	Capital Employed : Tangible Net Worth + Total Debt	-16.41%	-10.83%	The ratio has decreased primarily due to decrease in capital employed on account of losses incurred during the year
(k) Return on investment #	in %	NA	NA	NA	NA	NA

The Company has not presented the following ratios due to the reasons given below:

* Inventory turnover ratio: Since the Company holds inventory for consumption in the service of food and beverages and the proportion of such inventory is insignificant to Total Assets.
\# Return on Investments: Since the Company holds surplus funds which are temporary in nature to ensure adequate liquidity during the year.

47 Other statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

-The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

- The Company has not been declared a wilful defaulter by any bank or other lender (as defined under the Companies Act, 2013), in accordance with the guidelines on wilful defaulters.

48 Change in classification

a. Pursuant to amendment in Schedule III to the Companies Act, 2013, effective from 1 April 2021, the Company has modified the classification of security deposits from "Loans" to "Others" in financial assets. Comparative amounts in the notes to the financial statements were reclassified for consistency.

	As per earlier reported	Revised classification
Assets		
Non current assets		
Financial assets		
Loans	6,351	-
Others	-	6,351

b. During the year ended 31 March 2022, Company has revised the presentation of certain notes to the financial statements for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

Argon Hotels Pvt. Ltd

Argan Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees('000), unless otherwise stated)

iii List of immovable properties not held in the name of the Company

As at 31 March 2022

Relevant line item in the Balance Sheet	Description of property	Gross carrying value	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Held in the name of	Property held since which date	Reason for not being held in the name of the company
Property, plant and equipment - Freehold Land	Survey No. 13/1A/2A/1/2 and parts of Survey No. 13/1A/2A/11, Mundhwa - Kharadi Rd, Thite Nagar, Kharadi, Pune, Maharashtra 411014	275,008	No	Premier Inn India Private Limited	October 2008	The sale deed is in the name of Premier Inn India Private Limited, erstwhile name of the Company which was changed to Argan Hotels Private Limited. Fresh certificate of incorporation consequent to change of name dated September 6, 2017 was issued by the Registrar of Companies, Delhi.
Property, plant and equipment - Freehold Land	Survey No 11/16 Plot B, C & E Anjuna, Bardez Goa 403509	120,000	No	Premier Inn India Private Limited	July 2011	
Asset held for sale	159 Rajiv Gandhi Salai, Old Mahabalipuram Road, Sozhinganallur, Chennai, Tamil Nadu 600119	120,000	No	Premier Inn India Private Limited	March 2012	
Right of Use (Land)	District Centre, Crossing, Outer Ring Rd, opposite Galaxy Toyota, Haiderpur, Shalimar Bagh, New Delhi 110088	[illegible]	No	Premier Inn India Private Limited	February 2011	The lease deed is in the name of Premier Inn India Private Limited, erstwhile name of the Company which was changed to Argan Hotels Private Limited. Fresh certificate of incorporation consequent to change of name dated September 6, 2017 was issued by the Registrar of Companies, Delhi.
Right of Use (Building)	3-A1 Kundanahalli Main Road Mahadevpura, opposite IB Campus, Whitefield, Bangalore, Karnataka 560066	168,237	No	True Value Hotels India Private Limited	September 2008	The lease deed is in the name of True Value Hotels India Private Limited, erstwhile name of Premier Inn India Private Limited which was later changed to Argan Hotels Private Limited. Fresh certificate of incorporation consequent to change of name from True Value Hotels India Private Limited to Premier Inn India Private Limited was issued on September 11, 2008 by the Deputy Registrar of Companies, National Capital Territory of Delhi and Haryana. Later, another certificate of incorporation consequent to change of name dated September 6, 2017 was issued by the Registrar of Companies, Delhi with respect to the change of name from Premier Inn India Private Limited to Argan Hotels Private Limited.

As at 31 March 2021

Relevant line item in the Balance Sheet	Description of property	Gross carrying value	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Held in the name of	Property held since which date	Reason for not being held in the name of the company
Property, plant and equipment - Freehold Land	Survey No. 13/1A/2A/1/2 and parts of Survey No. 13/1A/2A/11, Mundhwa - Kharadi Rd, Thite Nagar, Kharadi, Pune, Maharashtra 411014	[illegible]	No	Premier Inn India Private Limited	October 2008	The sale deed is in the name of Premier Inn India Private Limited, erstwhile name of the Company which was changed to Argan Hotels Private Limited. Fresh certificate of incorporation consequent to change of name dated September 6, 2017 was issued by the Registrar of Companies, Delhi.
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Property, plant and equipment - Freehold Land	159 Rajiv Gandhi Salai, Old Mahabalipuram Road, Sozhinganallur, Chennai, Tamil Nadu 600119	[illegible]	No	Premier Inn India Private Limited	March 2012	
Right of Use (Land)	District Centre, Crossing, Outer Ring Rd, opposite Galaxy Toyota, Haiderpur, Shalimar Bagh, New Delhi 110088	[illegible]	No	Premier Inn India Private Limited	February 2011	The lease deed is in the name of Premier Inn India Private Limited, erstwhile name of the Company which was changed to Argan Hotels Private Limited. Fresh certificate of incorporation consequent to change of name dated September 6, 2017 was issued by the Registrar of Companies, Delhi.
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As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: [illegible]

Place: New Delhi
Date: 29/09/2022

for and on behalf of Board of Directors of
Argan Hotels Private Limited

Rajat Mehra
Director
DIN: [illegible]

Place: Gurugram
Date: 29/09/2022

[illegible]
Director
DIN: [illegible]

Place: Gurugram
Date: 29/09/2022