

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Members of Paulmech Hospitality Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Paulmech Hospitality Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Going Concern

See Note 26 to the financial statements

The key audit matter	How the matter was addressed in our audit
The financial statements of the Company have been prepared on a going concern basis.	Our audit procedures included: <ul style="list-style-type: none"><li>• Enquired with the management and those charged with governance regarding the</li></ul>

Registered Office:

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

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400053

**Independent Auditor's Report (Continued)**

**Paulmech Hospitality Private Limited**

<p>The Company has a negative net worth of INR 40,879 thousands as at 31 March 2023 and has incurred a net loss of INR 29,597 thousands during the year ended 31 March 2023. As at 31 March 2023, the Company's current liabilities exceed its current assets by INR 2,205 thousands. As at 31 March 2023, the Company has been largely funded by loan from its holding company (Barque Hotels Private Limited) which has not been demanded for repayment during the year. Further, the Company has contractual cash outflows of INR 1,667 thousands (excluding future contractual interest payments) due within 12 months of the balance sheet date.</p> <p>The Company has continued financial and operational support from SAMHI Hotels Limited (the ultimate holding company) and has projected to generate profits from its operations post completion of Holiday Inn Express in Rajarhat, Kolkata hotel which is currently under construction.</p> <p>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.</p> <p>Considering the subjectivity involved in the assessment performed by the management and board of directors of the Company, we have identified the assessment of going concern assumption as a key audit matter.</p>	<p>Company's ability to meet their obligations for the next 12 months.</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness and reasonableness of the cash flow forecasts for the next 12 months.</li> <li>• Compared the forecasted statement of profit and loss and cash flows with the Company's business plans approved by the board of directors of the Holding Company.</li> <li>• Assessed the reliability of cash flow forecasts through a retrospective review of actual performance in comparison to budgets.</li> <li>• Evaluated the reasonableness of the assumptions used in the cash flow forecasts which includes occupancy rate, average room rate etc. To consider forecasting risk we also performed sensitivity analysis over these assumptions.</li> <li>• Assessed the adequacy of disclosures in the financial statements relating to uncertainties and mitigation thereof.</li> </ul>
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**Other Information**

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

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

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

## Independent Auditor's Report (Continued)

### Paulmech Hospitality Private Limited

#### 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.

## Independent Auditor's Report (Continued)

### Paulmech Hospitality Private Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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 18 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 20 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.



**Independent Auditor's Report (Continued)**

**Paulmech Hospitality Private Limited**

- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 29(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 29(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

*Chartered Accountants*

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



**Shweta Kumar**

*Partner*

Place: Gurugram

Date: 17 August 2023

Membership No.: 509822

ICAI UDIN:23509822BGWIUK5706

**Annexure A to the Independent Auditor's Report on the Financial Statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023**

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not have intangible assets. Accordingly, clause 3(i)(a)(B) of the Order is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancy was 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 deed of immovable property disclosed in the financial statements is held in the name of the Company. However, original title deed is with the third party. Therefore, we could not verify that title deed and have not received independent confirmation from third party for the same.
- (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 during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) According to the information and explanations given to us, the Company does not hold any physical inventories. Accordingly, clause 3(ii)(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 been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not 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 neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

**Annexure A to the Independent Auditor's Report on the Financial Statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023 (Continued)**

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

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Income-Tax or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

As explained to us, the Company did not have any dues on account of Duty of Customs, Provident Fund, Employee State Insurance or Cess.

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, Income-Tax or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in thousands)	Paid under protest (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Addition on account of Unreasonable share premium under section 56(2)(viib)	13,723	2,060	FY 2013-14	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) Interest bearing loans amounting to Rs. 253,918 thousands are outstanding as at the balance sheet date and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans and interest thereon have not been demanded for repayment during the year.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-

*Dr*  
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**Annexure A to the Independent Auditor's Report on the Financial Statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023 (Continued)**

term basis aggregating to INR 2,205 thousands for long-term purposes.

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, 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) The Company is a wholly owned subsidiary and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.  
(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.  
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.  
(d) 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

*Dr.*



**Annexure A to the Independent Auditor's Report on the Financial Statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023 (Continued)**

3(xvi)(d) are not applicable.

- (xvii) The Company has incurred cash losses of Rs 29,597 thousands in the current financial year and Rs 26,615 thousands 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 26 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 2023. Further, the Company's current liabilities exceed its current assets as at 31 March 2023 by Rs. 2,205 thousands.

Further, it explains the management's assessment of going concern assumption 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.:101248WW-100022



Shweta Kumar

Partner

Place: Gurugram

Date: 17 August 2023

Membership No.: 509822

ICAI UDIN:23509822BGWIUK5706

**Annexure B to the Independent Auditor's Report on the financial statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023**

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

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

**Opinion**

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

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

**Auditor's Responsibility**

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

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

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

**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

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**Annexure B to the Independent Auditor's Report on the financial statements of Paulmech Hospitality Private Limited for the year ended 31 March 2023 (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



Shweta Kumar

Partner

Place: Gurugram

Date: 17 August 2023

Membership No : 509822

ICAI UDIN:23509822BGWIUK5706

**Paulmech Hospitality Private Limited**

**CIN - U55101WB2010PTC151700**

**Balance Sheet as at 31 March 2023**

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

	Note	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	79,200	79,200
Capital work-in-progress	3	123,322	122,842
<b>Financial assets</b>			
Other financial assets	4	196	196
Other non-current assets	5	12,526	12,390
<b>Total non-current assets</b>		<b>215,244</b>	<b>214,628</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6	3,727	135
Other current assets	7	26	34
<b>Total current assets</b>		<b>3,753</b>	<b>169</b>
<b>TOTAL ASSETS</b>		<b>218,997</b>	<b>214,797</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	19,978	19,978
Other equity	9	(60,857)	(31,260)
<b>Total equity</b>		<b>(40,879)</b>	<b>(11,282)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	10	253,918	220,657
<b>Total non-current liabilities</b>		<b>253,918</b>	<b>220,657</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	11	-	-
- total outstanding dues of micro enterprises and small enterprises; and			
- total outstanding dues of creditors other than micro enterprises and small enterprises		305	307
Other financial liabilities	12	1,362	1,362
Other current liabilities	13	274	20
Provisions	14	4,017	3,733
<b>Total current liabilities</b>		<b>5,958</b>	<b>5,422</b>
<b>Total liabilities</b>		<b>259,876</b>	<b>226,079</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>218,997</b>	<b>214,797</b>

The notes from Note 1 to Note 30 form an integral part of these financial statements.

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



**Shweta Kumar**

Partner

Membership No.: 509822

For and on behalf of Board of Directors of

**Paulmech Hospitality Private Limited**



**Gyana Das**

Director

DIN : 03563467



**Manish Bhagat**

Director

DIN : 08092409

Place: Gurugram

Date: 17 August 2023

Place: Gurugram

Date: 17 August 2023

Place: Gurugram

Date: 17 August 2023



**Paulmech Hospitality Private Limited**  
**CIN - U55101WB2010PTC151700**  
**Statement of Profit and Loss for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income</b>			
Other income	16	17	328
<b>Total income</b>		<b>17</b>	<b>328</b>
<b>Expenses</b>			
Other expenses	18	2,599	2,587
		<b>2,599</b>	<b>2,587</b>
<b>Loss before finance costs and tax</b>		<b>(2,582)</b>	<b>(2,259)</b>
Finance costs	17	26,731	24,072
		<b>26,731</b>	<b>24,072</b>
<b>Loss before tax</b>		<b>(29,313)</b>	<b>(26,331)</b>
<b>Tax expense</b>			
Current Tax	15	284	284
		<b>284</b>	<b>284</b>
<b>Loss for the year</b>		<b>(29,597)</b>	<b>(26,615)</b>
<b>Total comprehensive loss for the year</b>		<b>(29,597)</b>	<b>(26,615)</b>
<b>Earnings/(loss) per equity share</b>			
Face value of INR 10 each	19		
Basic (INR)		(14.82)	(13.32)
Diluted (INR)		(14.82)	(13.32)

The notes from Note 1 to Note 30 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



**Shweta Kumar**  
Partner  
Membership No.: 509822

Place: Gurugram  
Date: 17 August 2023

For and on behalf of Board of Directors of  
**Paulmech Hospitality Private Limited**



**Gyana Das**  
Director  
DIN : 03563467

Place: Gurugram  
Date: 17 August 2023



**Manish Bhagat**  
Director  
DIN : 08092409

Place: Gurugram  
Date: 17 August 2023

**Paulmech Hospitality Private Limited**

**CIN - U55101WB2010PTC151700**

**Statement of Changes in Equity for the year ended 31 March 2023**

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

**a. Equity share capital**

Particulars	Number of shares	Amount
As at 1 April 2021	1,997,752	19,978
Changes in equity share capital during the year	-	-
As at 31 March 2022	1,997,752	19,978
Changes in equity share capital during the year	-	-
As at 31 March 2023	1,997,752	19,978

**b. Other equity (refer note 9)**

Particulars	Reserves and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1 April 2021	12,920	(17,565)	(4,645)
Loss for the year	-	(26,615)	(26,615)
Balance as at 31 March 2022	12,920	(44,180)	(31,260)
Loss for the year	-	(29,597)	(29,597)
Balance as at 31 March 2023	12,920	(73,777)	(60,857)

The notes from Note 1 to Note 30 form an integral part of these financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



Shweta Kumar

Partner

Membership No.: 509822

For and on behalf of Board of Directors of  
**Paulmech Hospitality Private Limited**



Gyana Das

Director

DIN : 03563467



Manish Bhagat

Director

DIN : 08092409

Place: Gurugram

Date: 17 August 2023

Place: Gurugram

Date: 17 August 2023

Place: Gurugram

Date: 17 August 2023

Paulmech Hospitality Private Limited  
 CIN - U55101WB2010PTC151700  
 Statement of Cash Flows for the year ended 31 March 2023  
 (All amounts are in Indian Rupees ('000), unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash flow from operating activities</b>		
Loss before tax	(29,313)	(26,331)
<b>Adjustments for:</b>		
Finance costs	26,731	23,281
Interest income	(17)	-
Provision no longer required written back	-	(328)
<b>Operating profit before movement in assets and liabilities</b>	<b>(2,599)</b>	<b>(3,378)</b>
Increase in other assets	(128)	(988)
Decrease in trade payables	(2)	(417)
Increase in other liabilities	254	3
<b>Net cash used in operating activities (A)</b>	<b>(2,475)</b>	<b>(4,780)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and Capital work-in-progress	(480)	(350)
Proceeds from maturity of bank deposits	3,800	-
Bank deposits made	(3,800)	-
Interest received	17	-
<b>Net cash used in investing activities (B)</b>	<b>(463)</b>	<b>(350)</b>
<b>C. Cash flow from financing activities</b>		
Finance cost paid	(270)	-
Proceeds from non-current borrowings	6,800	5,100
<b>Net cash generated from financing activities (C)</b>	<b>6,530</b>	<b>5,100</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3,592</b>	<b>(30)</b>
Cash and cash equivalents at the beginning of the year	135	165
<b>Cash and cash equivalents at the end of the year</b>	<b>3,727</b>	<b>135</b>
	As at 31 March 2023	As at 31 March 2022
<b>i. Components of Cash and cash equivalents</b>		
Balances with banks on current account	3,727	135
	<b>3,727</b>	<b>135</b>
<b>ii. Movement in financial liabilities</b>		Amount
As on 1 April 2022		<b>220,657</b>
<b>Change from financing cashflows</b>		
Proceeds from non current borrowings		6,800
Finance cost paid		(270)
<b>Other non cash changes</b>		
Finance cost expense		26,731
<b>As on 31 March 2023</b>		<b>253,918</b>
As on 1 April 2021		<b>192,276</b>
<b>Change from financing cashflows</b>		
Proceeds from non current borrowing		5,100
<b>Other non cash changes</b>		
Finance cost expense		23,281
<b>As on 31 March 2022</b>		<b>220,657</b>

iii. The Cash Flows from operating activities section in 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 i to Note 30 form an integral part of these financial statements.

As per our report of even date attached

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

  
 Shweta Kumar  
 Partner  
 Membership No.: 509822

Place: Gurugram  
 Date: 17 August 2023

For and on behalf of Board of Directors of  
 Paulmech Hospitality Private Limited

  
 Gyana Das  
 Director  
 DIN : 03563467

Place: Gurugram  
 Date: 17 August 2023

  
 Manish Bhagat  
 Director  
 DIN : 08092409

Place: Gurugram  
 Date: 17 August 2023

**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

**1.1 Corporate information**

Paulmech Hospitality Private Limited ('the Company') is a Company domiciled in India. The Company was incorporated in India on 27 July 2010 as per the provisions of Indian Companies Act and is limited by shares.

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 one hotel under development (Holiday Inn Express, Kolkata – New town).

**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 Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were approved for issue in accordance with the resolution of the Company's Board of Directors on 17 August 2023.

**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
Financial assets and liabilities i.e., derivative instruments	Fair Value

Also refer note 26 for going concern basis of accounting used by the management.

**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.

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.





**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

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) Provisions and contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets', which involves key assumptions about the likelihood and magnitude of an outflow of resources.

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

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

**iii) 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 23 for further disclosures.

**iv) 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 carried forward tax losses can be used. A deferred tax asset is recognised for unused tax losses and deductible temporary differences, 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;



**Paulmech Hospitality Private Limited**

**Notes to the financial statements for the year ended 31 March 2023**

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

- 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.

**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 has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the ultimate 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.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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 at 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 23.



**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

**2. Summary of significant accounting policies**

**1) Property, plant and equipment**

**Recognition and measurement**

Property, plant and equipment including capital work in progress are measured at cost less accumulated depreciation and any accumulated impairment losses if any.

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

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.

**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**

Freehold land is not depreciated.

**Transition to Ind AS**

The Company had elected to use the fair value of all the items of property, plant and equipment on the date of transition i.e. 1 April 2015, and designate the same as deemed cost. Fair value was determined by obtaining an external third-party valuation, a level 3 valuation technique.

**2) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets*

*i. Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other



**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets (except trade receivable without a significant financing component) 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 recognizes 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. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. *Classification and subsequent measurement*

*Financial assets*

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

- Amortised cost
- Debt investment measured at fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)
- Equity investments measured at fair value through other comprehensive income (FVOCI)

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.

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





**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as 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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

*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;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

*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.



**Paulmech Hospitality Private Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in Indian Rupees ('000), unless otherwise stated)*

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.
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.



**Paulmech Hospitality Private Limited**

**Notes to the financial statements for the year ended 31 March 2023**

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

v. *Financial guarantee*

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Such guarantees are initially measured at fair value and subsequently at the higher of:

- the expected credit loss allowance determined in accordance with Ind AS 109; and
- the amount recognised initially less, when appropriate, cumulative amortisation recognised in accordance with Ind AS.

vi. *Modification of financial assets and liabilities*

*Financial assets:*

If the terms of a financial asset 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 asset 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.

**3) 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 and debt securities at Fair value through profit and loss (FVTPL) are credit-impaired. 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



**Paulmech Hospitality Private Limited**

**Notes to the financial statements for the year ended 31 March 2023**

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

- 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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and 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.

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.

*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.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.





**Paulmech Hospitality Private Limited**

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*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. If any such indication exists, then the asset's recoverable amount is estimated. 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) (CGU).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated, if any to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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.

**4) 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 at each reporting date.

**5) 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





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reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**6) 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 an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of that asset. 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 restated consolidated Statement of Profit and Loss in the period in which they are incurred.

**7) 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.

**8) Foreign currency translation**

**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 Statement of profit and 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.

**9) Income taxes**

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



## **Paulmech Hospitality Private Limited**

### **Notes to the financial statements for the year ended 31 March 2023**

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

#### **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.

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.

#### **10) Measurement of earnings before finance costs and tax**

The Company has elected to present earnings before finance costs and tax as a separate line item on the face of the Statement of profit and loss. The Company measures earnings before finance costs and tax on the face of profit/ (loss) from continuing operations. In the measurement, the Company does not include finance costs and tax expense.



**Paulmech Hospitality Private Limited**

**Notes to the financial statements for the year ended 31 March 2023**

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

**11) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to 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.

**12) Earnings per share**

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results would be anti - dilutive.

**13) 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.



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Notes to the financial statements for the year ended 31 March 2023

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

3 Property, plant and equipment and Capital work-in-progress

Reconciliation of carrying amount

	Freehold land (a)	Total Property, plant and equipment	Capital work-in- progress (b)
<b>Gross carrying amount</b>			
Balance as at 1 April 2021	79,200	79,200	122,742
Additions	-	-	100
Balance as at 31 March 2022	79,200	79,200	122,842
Additions	-	-	480
Balance as at 31 March 2023	79,200	79,200	123,322
<b>Accumulated depreciation</b>			
Balance as at 1 April 2021	-	-	-
Charge for the year	-	-	-
Balance as at 31 March 2022	-	-	-
Charge for the year	-	-	-
Balance as at 31 March 2023	-	-	-
<b>Net carrying amount</b>			
Balance as at 31 March 2022	79,200	79,200	122,842
Balance as at 31 March 2023	79,200	79,200	123,322

a) The Company had pledged its freehold land as security for Non-Convertible Debentures (NCD's) issued by Barque Hotels Private Limited and SAMHI JV Business Hotels Private Limited in favor of Vistra ITCL (India) Limited (Debenture Trustee).

During the year ended 31 March 2023, the security was released on 21 March 2023.

b) Includes capitalised borrowing costs related to the construction of the hotel of INR 19,288

(i) Capital-Work-in Progress (CWIP) - Disclosure of ageing schedule

a) CWIP aging schedule

Ageing for capital-work-in progress as on 31 March 2023

CWIP	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects temporarily suspended	480	100	150	122,592	123,322

Ageing for capital-work-in progress as on 31 March 2022

CWIP	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects temporarily suspended	100	150	2,202	120,390	122,842

(b) CWIP completion schedule

For capital-work-in progress, whose completion is overdue compared to its original plan, the project-wise details of when the project is expected to be completed as of 31 March 2023 and 31 March 2022 are as follows :

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project Kolkata	-	123,322	-	-	123,322

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project Kolkata	-	122,842	-	-	122,842

The Company does not have any capital-work-in progress whose cost has exceeded from its original plan.



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**Notes to the financial statements for the year ended 31 March 2023**

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

	As at 31 March 2023	As at 31 March 2022
<b>4 Other financial assets - non current</b> <i>(Unsecured, considered good)</i>		
Security deposits	196	196
	<u>196</u>	<u>196</u>
<b>5 Other non-current assets</b> <i>(Unsecured, considered good)</i>		
Capital advances	1,661	1,661
Taxes paid under protest (refer note 20)	2,060	2,060
Balance with statutory authorities	8,805	8,669
	<u>12,526</u>	<u>12,390</u>
<b>6 Cash and cash equivalents</b>		
Balances with banks - in current accounts	3,727	135
	<u>3,727</u>	<u>135</u>
<b>7 Other current assets</b> <i>(Unsecured, considered good)</i>		
Prepaid expenses	26	34
	<u>26</u>	<u>34</u>





8 Equity share capital

	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>				
Equity shares of INR 10 each	2,000,000	20,000	2,000,000	20,000
	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of INR 10 each	1,997,752	19,978	1,997,752	19,978
	<u>1,997,752</u>	<u>19,978</u>	<u>1,997,752</u>	<u>19,978</u>

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

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
At the beginning of the year	1,997,752	19,978	1,997,752	19,978
Add : Issued during the year	-	-	-	-
At the end of the year	<u>1,997,752</u>	<u>19,978</u>	<u>1,997,752</u>	<u>19,978</u>

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 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

Name of shareholder	31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
Barque Hotels Private Limited (Holding Company)*	1,997,752	19,978	1,997,752	19,978

d) Details of shareholders holding more than 5% shares

Name of shareholder	Number of shares	% of holding	Number of shares	% of holding
<b>Equity shares</b>				
Barque Hotels Private Limited *	1,997,752	100%	1,997,752	100%

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

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

f) Details of shares held by promoters

As at 31 March 2023

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	Barque Hotels Private Limited	1,997,752	-	1,997,752	100%	No Change

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	Barque Hotels Private Limited	1,997,752	-	1,997,752	100%	No Change



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**Notes to the financial statements for the year ended 31 March 2023**

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	As at 31 March 2023	As at 31 March 2022
<b>9 Other equity - Reserves and surplus</b>		
Securities premium	12,920	12,920
Retained earnings	<u>(73,777)</u>	<u>(44,180)</u>
	<u><b>(60,857)</b></u>	<u><b>(31,260)</b></u>
<b>a) Securities premium</b>		
Balance at the beginning of the year	12,920	12,920
Add : Addition made during the year	<u>-</u>	<u>-</u>
<b>Balance at the end of the year</b>	<u><b>12,920</b></u>	<u><b>12,920</b></u>

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act 2013.

**b) Retained Earnings**

Balance at the beginning of the year	(44,180)	(17,565)
Loss for the year	<u>(29,597)</u>	<u>(26,615)</u>
<b>Balance at the end of the year</b>	<u><b>(73,777)</b></u>	<u><b>(44,180)</b></u>

Retained earnings represent the amount of accumulated losses of the Company.



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Notes to the financial statements for the year ended 31 March 2023  
(All amounts are in Indian Rupees ('000), unless otherwise stated)

10 Non-current financial liabilities - Borrowings	As at 31 March 2023	As at 31 March 2022
Unsecured loan from holding company *	253,918	220,657
	<u>253,918</u>	<u>220,657</u>

\* includes interest accrued on loan amounting to INR 114,001 (31 Mar, 2022 - INR 87,540)

Loan from holding company is unsecured, repayable on demand as per the mutual consent having interest rate of 12% per annum.

11 Current financial liabilities - Trade payables

Trade payables

- total outstanding dues of micro enterprises and small enterprises (refer note 25)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	305	307
	<u>305</u>	<u>307</u>

a) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 23.

Trade payables Ageing Schedule

As at 31 March 2023

Particulars	Outstanding for following periods from date of transaction					Total
	Accrued expenses	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Others	305	-	-	-	-	305

As at 31 March 2022

Particulars	Outstanding for following periods from date of transaction					Total
	Accrued expenses	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Others	307	-	-	-	-	307

The Company does not have any disputed dues which are payable as at 31 March 2023 and 31 March 2022.

12 Current financial liabilities - Others

Payable for capital assets	1,362	1,362
	<u>1,362</u>	<u>1,362</u>

13 Other current liabilities

Statutory dues payable	274	20
	<u>274</u>	<u>20</u>

14 Current provisions

Provision for income tax litigation (refer note 20)	4,017	3,733
	<u>4,017</u>	<u>3,733</u>

Movement in provision for income tax litigation

Opening balance	3,733	3,449
Provision created during the year	284	284
Closing balance	<u>4,017</u>	<u>3,733</u>



15 Tax expense

For the year ended  
31 March 2023

For the year ended  
31 March 2022

A. The major components of income tax expense are

	For the year ended 31 March 2023	For the year ended 31 March 2022
Recognised in profit or loss		
Current tax	284	284
	<u>284</u>	<u>284</u>

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 2023		For the year ended 31 March 2022	
	%	Amount	%	Amount
Loss before tax		(29,313)		(26,331)
Tax using the Company's domestic tax rate	25.17	(7,405)	25.17	(6,623)
Tax Effect of:				
Non recognition of deferred taxes on temporary differences	(25.17)	7,405	(25.17)	6,623
Effective tax rate	-	-	-	-

C. Deferred tax assets / liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets		
Unabsorbed business losses	3,491	2,814
Disallowance u/s 43B of Income Tax Act, 1961 for accrued interest	25,695	18,967
	<u>29,186</u>	<u>21,781</u>
Deferred tax liabilities		
Property, plant and equipment and capital work in progress	11,745	11,745
	<u>11,745</u>	<u>11,745</u>
Deferred tax assets (net)	<u>(17,441)</u>	<u>(10,036)</u>
Deferred tax assets recognised *	-	-

\* The Company has significant 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 recognized to the extent of deferred tax liabilities only.

D. Movement in deferred tax balances

31 March 2023

Particulars	Balance as at 1 April 2022	Recognised in profit or loss during 2022-23	Balance as at 31 March 23
Property, plant and equipment and capital work in progress	(11,745)	-	(11,745)
Disallowance u/s 43B of Income Tax Act, 1961 for accrued interest	18,967	6,728	25,695
Unabsorbed business losses	2,814	677	3,491
Total	<u>10,036</u>	<u>7,405</u>	<u>17,441</u>

31 March 2022

Particulars	Balance as at 1 April 2021	Recognised in profit or loss during 2021-22	Balance as at 31 March 2022
Property, plant and equipment and capital work in progress	(11,745)	-	(11,745)
Disallowance u/s 43B of Income Tax Act, 1961 for accrued interest	13,108	5,859	18,967
Unabsorbed business losses	2,050	764	2,814
Total	<u>3,413</u>	<u>6,623</u>	<u>10,036</u>

E. Tax Losses carried forward

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

	As at 31 March 2023 Amount	Expiry Date (Financial Year)
Business loss	77	2023-24
Business loss	283	2024-25
Business loss	710	2025-26
Business loss	466	2026-27
Business loss	3,157	2027-28
Business loss	3,227	2028-29
Business loss	3,365	2029-30
Business loss	2,582	2030-31
	As at 31 March 2022 Amount	Expiry Date (Financial Year)
Business loss	200	2022-23
Business loss	77	2023-24
Business loss	283	2024-25
Business loss	710	2025-26
Business loss	466	2026-27
Business loss	3,157	2027-28
Business loss	3,227	2028-29
Business loss	3,049	2029-30



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	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>16 Other income</b>		
Interest income from financial assets at amortised cost		
- on bank deposits	17	-
Provision no longer required written back	-	328
	<u>17</u>	<u>328</u>
<b>17 Finance costs</b>		
Interest expense on financial liabilities at amortised cost		
- Borrowings	26,731	23,281
Other finance cost	-	791
	<u>26,731</u>	<u>24,072</u>
<b>18 Other expenses</b>		
Repair and maintenance		
- Others	-	5
Communication	34	16
Contractual labour	935	935
Insurance	113	130
Legal and professional fees	764	787
Payment to auditors*	210	207
Power and fuel	237	255
Rates and taxes	279	231
Miscellaneous expenses	27	21
	<u>2,599</u>	<u>2,587</u>
<b>* Payment to auditors</b>		
Statutory audit	200	200
Reimbursement of expenses	10	7
	<u>210</u>	<u>207</u>
<b>19 Earnings per share (EPS)</b>		
Net loss available to equity shareholders	(29,597)	(26,615)
Weighted average number of equity shares for calculation of basic EPS	1,997,752	1,997,752
Weighted average number of equity shares for calculation of diluted EPS	1,997,752	1,997,752
Nominal value of equity share (INR)	10	10
Basic earnings per share (INR)	(14.82)	(13.32)
Diluted earnings per share (INR)	(14.82)	(13.32)





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**Notes to the financial statements for the year ended 31 March 2023**

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## **20 Contingent liabilities and commitments**

### **Contingent liabilities**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Total demand	Amount paid under protest	Total demand	Amount paid under protest
Income Tax Act, 1961	13,723	2,060	13,723	2,060

The Company had received an assessment order for financial year 2013-14 whereby an addition of INR 32,798 has been made to the total income of the Company. The addition pertains to unreasonable share premium under section 56(2)(viib) of Income Tax Act, 1961. The Company has deposited INR 2,060 towards 15% amount of total demand of INR 13,723 and has filed an appeal before the Commissioner of Income-tax (Appeals) against the said addition which is pending for disposal. The Company is carrying a provision of INR 4,017 as on 31 March 2023 (31 March 2022 INR 3,733) in the books against the aforesaid case. Based on merits of the arguments put forward, the Company is of the view that the outcome is likely to be in its favor.

## **21 Operating Segments**

The Ultimate Holding Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker ('CODM'), since he is responsible for all major decision with respect to 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**

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 did not earn any revenue during the year.



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**Notes to the financial statements for the year ended 31 March 2023**

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

**22 Related party disclosures**

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

<b>Nature of relationship</b>	<b>Name of related party</b>
Ultimate Holding Company	SAMHI Hotels Limited
Holding company	Barque Hotels Private Limited

**b) Related party transactions during the year:**

<b>Particulars</b>	<b>Holding Company</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Unsecured loan taken</b>		
Barque Hotels Private Limited	6,800	5,100
<b>Interest expense on unsecured loan</b>		
Barque Hotels Private Limited	26,731	23,281

**c) Related party balances at the year end**

<b>Particulars</b>	<b>Holding Company</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Non current borrowings</b>		
Barque Hotels Private Limited	253,918	220,657

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 are settlement occurs in cash.



23 Financial Instruments – Fair values and risk management

A) Financial instruments by category and fair value

The below table summarizes 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	Level of Hierarchy	31 March 2023		
		Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Other Comprehensive Income (FVTOCI)	Amortised Cost
<b>Financial assets</b>				
Other non-current financial assets		-	-	196
Cash and cash equivalents		-	-	3,727
<b>Total financial assets</b>		-	-	<b>3,923</b>
<b>Financial liabilities</b>				
Non-current Borrowings	2	-	-	253,918
Current trade payables		-	-	305
Other current financial liabilities		-	-	1,362
<b>Total financial liabilities</b>		-	-	<b>255,585</b>

Particulars	Level of Hierarchy	31 March 2022		
		Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Other Comprehensive Income (FVTOCI)	Amortised Cost
<b>Financial assets</b>				
Other non-current financial assets		-	-	196
Cash and cash equivalents		-	-	135
<b>Total financial assets</b>		-	-	<b>331</b>
<b>Financial liabilities</b>				
Non-current Borrowings	2	-	-	220,657
Current trade payables		-	-	307
Other current financial liabilities		-	-	1,362
<b>Total financial liabilities</b>		-	-	<b>222,326</b>

The fair value of trade payables, other current financial liabilities and cash and cash equivalents approximate their carrying amounts, due to their short-term nature.

Interest rates on non-current borrowings are equivalent to market rate. Accordingly, the carrying value of such borrowings approximate the fair value.

Fair valuation of non-current financial assets has been disclosed to be same as carrying value as their carrying amounts are a reasonable approximation of fair value.

B) Measurement of fair values

Fair values are categorised 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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There are no transfer between Level 1, Level 2 and Level 3 during the year.



**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 Ultimate Holding Company's Chief Financial Officer under the directions of 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 minimize 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 banks, only high rated banks are accepted.

The Company has given security deposits to vendors and government departments for securing services from them. The Company does not expect any default from these parties and accordingly the risk of default is negligible or nil.

**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.

The Company's liquidity risk management includes maintaining sufficient cash and marketable securities and ensuring the availability of funds through support from its ultimate holding company.

Consequently, the Company believes that proceeds from financing activities will continue to provide the necessary funds to cover its short term and long term liquidity needs.

**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 2023	Contractual cash flows (INR)					
	Carrying amount	Total	0-1 year	1-2 years	2-5 years	More than 5
<b>Non - derivative financial liabilities</b>						
Non-current borrowings	253,918	253,918	-	-	-	253,918
Trade payables	305	305	305	-	-	-
Other current financial liabilities	1,362	1,362	1,362	-	-	-
	<b>255,585</b>	<b>255,585</b>	<b>1,667</b>	<b>-</b>	<b>-</b>	<b>253,918</b>
31 March 2022	Contractual cash flows (INR)					
	Carrying amount	Total	0-1 year	1-2 years	2-5 years	More than 5
<b>Non-derivative financial liabilities</b>						
Non-current borrowings	220,657	220,657	-	-	-	220,657
Trade payables	307	307	307	-	-	-
Other current financial liabilities	1,362	1,362	1,362	-	-	-
	<b>222,326</b>	<b>222,326</b>	<b>1,669</b>	<b>-</b>	<b>-</b>	<b>220,657</b>



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**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 expense or the value of its holdings of financial instruments.

**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 with fixed 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.

**Exposure to interest rate risk**

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

	Amount in INR	
	31 March 2023	31 March 2022
<b>Fixed-rate instruments</b>		
Non-current borrowings	253,918	220,657

**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. Also refer note 23A for fair value disclosure.

**24 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 ultimate holding 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 65% on any given reporting date at a company level.

The Company is not subject to externally imposed capital requirements.

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.





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

	As at 31 March 2023	As at 31 March 2022
<b>Dues to micro and small enterprises</b>		
The amounts remaining unpaid to micro and small enterprises as at the end of the year:		
Principal	-	-
Interest	-	-
The amounts of the payments made to micro and small enterprises beyond the appointed day during each accounting year.	-	-
The amount of interest paid under the act beyond the appointed day during	-	-
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.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the Act	-	-

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 2023 and 31 March 2022 has been made in the financial statements based on information received and available with the Company.



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**26 Going concern**

The Company has a negative net worth of INR 40,879 thousands as at 31 March 2023 and has incurred a net loss of INR 29,597 thousands during the year ended 31 March 2023. As at 31 March 2023, the Company's current liabilities exceed its current assets by INR 2,205 thousands. As at 31 March 2023, the Company has been largely funded by loan from its holding company (Barque Hotels Private Limited) which has not been demanded for repayment during the year. Further, the Company has contractual cash outflows of INR 1,667 thousands (excluding future contractual interest payments) due within 12 months of the balance sheet date.

The Company has continued financial and operational support from SAMHI Hotels Limited (the ultimate holding company) and has projected to generate profits from its operations post completion of Holiday Inn Express in Rajarhat, Kolkata hotel which is currently under construction.

The Company has assessed the liquidity position and recoverable values of its financial and non-financial assets. 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 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.

**27 Recent Pronouncements issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2023, as below:

**Ind AS 1 - Presentation of Financial Statements:** This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Company's financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 12 - Income Taxes:** This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**28 Ratio Analysis and its elements**

Ratio	in times/&	Numerator	Denominator	31 March 2023	31 March 2022	% Change	Reason for variance
(a) Current Ratio	in times	Current Assets	Current Liabilities	0.63	0.03	1921%	Current ratio has increased due to increase in cash and cash equivalents.
(b) Debt-Equity Ratio	in times	Total Borrowings	Total Equity	(6.21)	(19.56)	-68%	Debt-Equity Ratio has improved due to increase in borrowing from holding company and losses in current year.
(c) Return on Equity Ratio	in %	Loss for the year	Average Total equity	113%	-1314%	-100%	Return on equity ratio has decreased due to losses leading to decrease in shareholder's equity.
(d) Return on Capital employed	in %	Loss before finance costs and tax	Tangible Net Worth + Total Borrowings	-1%	-1%	12%	
(e) Trade payable turnover ratio	in times	Other expenses	Average Trade Payables	8.49	5.02	69%	Increase in ratio on account of decrease in average trade payables.

As the Company does not have any revenue generation unit till 31st March 2023, so the Company has not presented the following ratios:

- a) Debt service coverage ratio
- b) Inventory turnover ratio
- c) Trade receivable turnover ratio
- d) Net capital turnover ratio
- e) Net profit ratio
- f) Return on investment



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**Notes to the financial statements for the year ended 31 March 2023**  
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**29 Other statutory information**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not entered into 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).
- (viii) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- (ix) The Company has not been declared a willful defaulter by any bank or other lender (as defined under the Companies Act, 2013), in accordance with the guidelines on willful defaulters.
- (x) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (xi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xii) The Company has not revalued its property, plant and equipment during the current or previous year.

**30** As per the MCA Notification dated August 06, 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules, the Company is required to maintain a backup of the books of account and other relevant books and papers in electronic mode that should be accessible in India at all times. Also, the Company is required to create backup of accounts on servers physically located in India on a daily basis.

The books of account along with other relevant records and papers of the Company is maintained in electronic mode. These are readily accessible in India at all times and currently backup is maintained on a server physically located in India on a daily basis.

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



Shweta Kumar  
Partner  
Membership No.: 509822

Place: Gurugram  
Date: 17 August 2023

For and on behalf of Board of Directors of  
Paulmech Hospitality Private Limited



Gyana Das  
Director  
DIN : 03563467

Place: Gurugram  
Date: 17 August 2023



Manish Bhagat  
Director  
DIN : 08092409

Place: Gurugram  
Date: 17 August 2023