

Independent Auditor's Report

To the Members of Schloss Chanakya Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Schloss Chanakya 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 loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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.

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 - 400063

Independent Auditor's Report (Continued)

Schloss Chanakya Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Independent Auditor's Report (Continued)

Schloss Chanakya Private Limited

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 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 35 to the financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 39(vi) 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 39(vii) 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.

Independent Auditor's Report (Continued)

Schloss Chanakya Private Limited

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 is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. 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



Jaymin Sheth

Partner

Place: Mumbai

Date: 28 September 2023

Membership No.: 114583

ICAI UDIN:23114583BGZDAX6269

Annexure A to the Independent Auditor's Report on the Financial Statements of Schloss Chanakya 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 has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified once in every three years. In accordance with this programme, all property, plant and equipment were verified during the year based on the listing as on 31 March 2022. 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 discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (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 or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of 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 in companies, firms, limited liability partnership or any other parties. The Company has not provided any guarantee or security or advances in the nature of loans to companies, firms, limited liability partnership or any other parties during the year. The Company has granted unsecured loans to employees and other parties during the year in respect of which the requisite information is as below.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to employees and other parties as below:

Particulars	Loans (Rs in millions)
Aggregate amount during the year	

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

Others	600.00
Employee Loans	0.06
Balance outstanding as at balance sheet date	
Others	600.00
Employee Loans	0.06

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, loans given to other parties is repayable on demand and in case of employee loans (as per the policy of the Company loan is interest free) schedule of repayment is stipulated. As informed to us, the Company has not demanded repayment of the loan to other parties during the year. The payment of principal and interest have been regular where applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment except for the following loan to related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	Related Parties (Rs in millions)
Aggregate of loans - Repayable on demand	600
Percentage of loans	99.99%

- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 of the Act in respect of loans covered by the said section. The Company does not have any guarantee given or security provided to which Section 185 of the Act is applicable. According to the information and explanation given to us, the provisions of Section 186 of the Act in respect of the loan given, guarantee provided, securities given are not applicable to the Company, since it is covered as a Company engaged in business of providing infrastructural facilities. According to the information and explanation given to us there is no investment made by the Company and accordingly Section 186 in respect of investment is not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not

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

prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

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

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

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Value added tax, Cess 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 Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Service tax, Value added tax, Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Rupees in millions	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	8.08	2012-2013 to 2014-2015	Customs Excise and Service Tax Appellate Tribunal

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

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

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

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

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

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

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

- (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) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (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 private limited company 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) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has incurred cash losses of Rs 159.68 millions in the current financial year and Rs 1,097.05 millions 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.

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

- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

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



Jaymin Sheth

Partner

Place: Mumbai

Date: 28 September 2023

Membership No.: 114583

ICAI UDIN:23114583BGZDAX6269

Annexure B to the Independent Auditor's Report on the financial statements of Schloss Chanakya 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 Schloss Chanakya 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

B S R & Co. LLP

Annexure B to the Independent Auditor's Report on the financial statements of Schloss Chanakya 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



Jaymin Sheth

Partner

Place: Mumbai

Date: 28 September 2023

Membership No.: 114583

ICAI UDIN:23114583BGZDAX6269

SCHLOSS CHANAKYA PRIVATE LIMITED
Balance Sheet as at 31 March 2023

(Rupees in millions)

Particulars	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Capital work-in-progress	3(a)	17,832.10	17,965.92
Goodwill	3(c)	25.41	5.33
Other Intangible assets	3(d)	527.57	527.57
Financial assets	3(b)	4.01	0.39
(i) Others			
Other non-current assets	5(a)	155.98	158.60
Total non-current assets	8(a)	270.58	267.30
		<u>18,815.65</u>	<u>18,925.11</u>
Current assets			
Inventories			
Financial assets	9	74.17	60.29
(i) Trade receivables			
(ii) Cash and cash equivalents	10	106.81	37.08
(ii) Bank balances other than cash and cash equivalents above	11	289.20	1,081.42
(iii) Loans	12	118.28	39.57
(iv) Other financial assets	4	600.00	117.93
Current tax assets (net)	5(b)	13.74	6.19
Other current assets	7	13.33	8.63
Total current assets	8(b)	123.11	107.02
		<u>1,338.64</u>	<u>1,458.13</u>
TOTAL ASSETS		<u>20,154.29</u>	<u>20,383.24</u>
EQUITY & LIABILITIES			
Equity			
Equity Share Capital			
Other equity	13	574.23	574.23
Total equity	14	2,928.22	3,558.55
		<u>3,502.45</u>	<u>4,132.78</u>
Liabilities			
Non-Current liabilities			
Financial liabilities			
(i) Borrowings			
(ii) Other financial liabilities	15(a)	15,610.29	15,440.96
Provisions	16(a)	63.31	54.64
Deferred tax liabilities (net)	17(a)	8.77	8.61
Total non-current liabilities	6	-	-
		<u>15,682.37</u>	<u>15,504.21</u>
Current liabilities			
Financial liabilities			
(i) Borrowings			
(ii) Trade Payables	15(b)	426.12	239.61
a) total outstanding dues to micro and small enterprises	18	16.65	19.75
b) total outstanding dues other than (ii) (a) above		260.45	154.34
(iii) Other financial liabilities			
Provisions	16(b)	32.73	149.18
Other current liabilities	17(b)	1.00	0.49
Total current liabilities	19	232.52	182.89
		<u>969.47</u>	<u>746.26</u>
TOTAL EQUITY & LIABILITIES		<u>20,154.29</u>	<u>20,383.24</u>
Significant accounting policies			
The above balance sheet should be read in conjunction with the accompanying notes.	1 - 2		
	1-40		

As per our report of even date attached

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

J. P. Sheth

Jaymin Sheth
Partner
Membership Number: 114583

Place: Mumbai
Date: 28 September 2023

For and on behalf of the board of directors of
Schloss Chanakya Private Limited
CIN: U55100DL2019PTC347362

Y. K. Joshi
Yokesh Joshi
Director
DIN: 08740006

Place: Mumbai
Date: 28 September 2023

S. Kundu
Sougata Kundu
Director
DIN: 07091941

Place: Mumbai
Date: 28 September 2023

SCHLOSS CHANAKYA PRIVATE LIMITED
Statement of profit and loss for the year ended 31 March 2023

(Rupees in millions)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	20	2,307.80	1,093.95
Other income	21	79.65	49.56
Total Income		2,387.45	1,143.51
Expenses			
Consumption of food and beverages	22	186.63	117.83
Employee benefit expenses	23	391.94	302.43
Finance costs	24	1,413.81	1,311.20
Depreciation and amortisation expense	25	180.10	215.67
Other expenses	26	848.18	512.20
Total expenses		3,020.66	2,459.33
Loss before tax		(633.21)	(1,315.82)
Tax expense			
- Current tax		-	-
- Deferred tax charge / (credit)		-	(241.22)
Loss after tax		(633.21)	(1,074.60)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment defined benefit plans		2.88	6.19
Income tax relating to these items		-	(1.61)
Total other comprehensive income for the year, net of tax		2.88	4.58
Total comprehensive loss for the year		(630.33)	(1,070.02)
Earnings per equity share	28		
Basic EPS		(11.03)	(18.71)
Diluted EPS		(11.03)	(18.71)
Significant accounting policies	1 - 2		
The above balance sheet should be read in conjunction with the accompanying notes.	1-40		

As per our report of even date attached

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



Jaymin Sheth
Partner
Membership Number: 114583

Place: Mumbai
Date: 28 September 2023

For and on behalf of the board of directors of
Schloss Chanakya Private Limited
CIN: U55100DL2019PTC347362



Yogesh Joshi
Director
DIN: 08740006

Place: Mumbai
Date: 28 September 2023



Sougata Kundu
Director
DIN: 07091941

Place: Mumbai
Date: 28 September 2023



SCHLOSS CHANAKYA PRIVATE LIMITED
Cash flow statement for the year ended 31 March 2023

Particulars	(Rupees in millions)	(Rupees in millions)
	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flows from operating activities		
Loss before tax for the year	(633.21)	(1,315.82)
Adjustments for:		
Depreciation and amortization	180.10	215.67
Finance costs	1,413.81	1,311.20
Compensated absences required written back	-	(3.29)
Profit on sale of PPE	-	(20.08)
Net gain on account of modification in liability towards environmental clearance	-	(2.51)
Provision for doubtful debt	-	8.94
Unrealized foreign exchange differences	-	(0.03)
Interest income	(49.93)	(16.14)
Operating cash flows before working capital changes	910.77	177.94
Working capital movements:		
(Increase)/ Decrease in current and non-current loans	6.02	36.15
(Increase)/ Decrease in inventories	(13.88)	4.41
(Increase)/ Decrease in trade receivables	(69.74)	(25.44)
(Increase)/ Decrease in other current and non-current assets	96.86	(44.16)
(Increase)/ Decrease in current and non-current financial assets	0.99	(1.08)
Increase/ (Decrease) in trade payables	103.01	53.63
Increase/ (Decrease) in current and non-current financial liabilities	(31.88)	(142.65)
Increase/ (Decrease) in other current and non-current liabilities	49.63	129.69
Increase/ (Decrease) in current and non-current provisions	3.56	2.93
Cash generated from operations	1,055.34	191.42
Income taxes paid, net	(4.70)	(2.34)
Net cash flows generated from operating activities (A)	1,050.64	189.08
Cash flows from investing activities		
Purchase of property, plant and equipments including capital work in progress	(79.36)	(31.58)
Sale of property, plant and equipment	4.12	20.08
Inter corporate deposit given to related parties, net	(600.00)	(117.93)
Interest received	43.15	10.70
Fixed/ restricted deposits with bank (placed)/ realized	(76.90)	(118.49)
Net cash flows used in investing activities (B)	(708.99)	(237.22)
Cash flows from financing activities		
Proceeds from long-term borrowings	185.38	2,000.00
Repayments of long-term borrowings	(192.69)	(7.83)
Proceeds/ (repayments) from short-term borrowings (net)	(6.19)	35.93
Interest paid	(1,120.38)	(902.23)
Net cash flows generated from financing activities (C)	(1,133.88)	1,125.87
Net increase in cash and cash equivalents (A+B+C)	(792.23)	1,077.73
Cash and cash equivalents as at beginning of the year	1,081.42	3.69
Cash and cash equivalents at the end of the year	289.19	1,081.42
Components of cash and cash equivalents		
Cash on hand	1.04	1.85
Balance with banks		
- in current account	49.26	115.72
- in deposit accounts with original maturity of less than 3 months	238.90	963.85
Total cash and cash equivalents (Refer note 11)	289.19	1,081.42

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date attached

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



Jaymin Sheth
Partner
Membership Number: 114583

Place: Mumbai
Date: 28 September 2023

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Schloss Chanakya Private Limited
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Place: Mumbai
Date: 28 September 2023



Sougata Kundu
Director
DIN: 07091941

Place: Mumbai
Date: 28 September 2023



SCHLOSS CHANAKYA PRIVATE LIMITED
Statement of Changes in Equity for the period ended 31 March 2023
(All amounts in INR millions, unless otherwise stated)

A. Equity Share Capital

Particulars	Note No.	Amount
As at 31 March 2021		574.23
Changes in equity share capital	13	-
As at 31 March 2022		574.23
Changes in equity share capital	13	-
As at 31 March 2023		574.23

B. Other Equity

Particulars	Notes	Equity component of compound financial instruments	Securities premium	Retained earnings	Total
Balance at 31-Mar-21		876.59	5,033.72	(1,281.74)	4,628.58
Other comprehensive income		-	-	4.58	4.58
Total comprehensive income for the year		-	-	4.58	4.58
Profit for the year		-	-	(1,074.60)	(1,074.60)
Premium on shares issued during the year	13	-	-	-	-
Transactions with the owners of the Company:					
Dividend		-	-	-	-
Dividend distribution tax		-	-	-	-
Balance at 31-Mar-22	13	876.59	5,033.72	(2,351.76)	3,558.55

Particulars	Notes	Equity component of compound financial instruments	Securities premium	Retained earnings	Total
Balance at 31-Mar-22		876.59	5,033.72	(2,351.76)	3,558.55
Other comprehensive income		-	-	2.88	2.88
Total comprehensive income for the year	14	-	-	2.88	2.88
Profit for the year		-	-	(633.21)	(633.21)
Premium on shares issued during the year	14	-	-	-	-
Transactions with the owners of the Company:					
Dividend		-	-	-	-
Dividend distribution tax		-	-	-	-
Balance at 31 March 2023	14	876.59	5,033.72	(2,982.09)	2,928.23

As per our report of even date attached

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



Jaymin Sheth
Partner
Membership Number: 114583

Place: Mumbai
Date: 28 September 2023

For and on behalf of the board of directors of
Schloss Chanakya Private Limited
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Yogesh Joshi
Director
DIN: 08740006

Place: Mumbai
Date: 28 September 2023



Sougata Kundu
Director
DIN: 07091941

Place: Mumbai
Date: 28 September 2023



SCHLOSS CHANAKYA PRIVATE LIMITED

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

1 Company information

Schloss Chanakya Private Limited ("the Company") an Indian subsidiary of BSREP III India Ballet I Pte. Ltd., holding company and was incorporated on 18 March 2019 under the provisions of Companies Act, 2013 and started its operations effective 17 October 2019 by acquiring Delhi hotel undertaking of HLV Limited. The Company is in the hospitality industry and operates hotel under the brand name of "THE LEELA".

2 Basis of preparation, critical accounting estimates and judgements, significant accounting policies and recent accounting pronouncements

The financial statements have been prepared on the following basis:

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 ("the Act") as amended from time to time.

2.2 Basis of preparation

Historical cost convention

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments

2.3 Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

All assets and liabilities are classified as current and non-current as per Company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

- Useful lives of property, plant and equipment and intangible assets:

The Company has estimated Useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. the Company reviews the Useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. Refer Note 3 for further details.

- Impairment testing:

Goodwill, property, plant and equipment and intangible assets that are subject to depreciation/ amortisation are tested for impairment periodically including when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Refer Note 3 for further details.

- Income Taxes:

Deferred tax assets are recognised to the extent that it is regarded as probable that deductible temporary differences can be realised. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit and Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case laws and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit and Loss. Refer note 6 for further details.

- Defined benefit plans:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date. Refer note 27 for further details.

- Contingent liabilities:

Judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the legal claims included under contingent liabilities in note . The management assesses the probability of outflow for such items at each balance sheet date to assess whether there is probability or not that an outflow will be required for such contingent liabilities.

- Fair Value Measurement of Derivative and other Financial Instruments:

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.



SCHLOSS CHANAKYA PRIVATE LIMITED

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

2.3 Critical accounting estimates and judgements (Continued)

- Lease:

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

Critical Judgements in determining the Discount rate: The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

2.4 Going Concern

The Company has incurred a loss of Rs.633.21 millions during the year ended 31 March 2023, has accumulated losses of Rs.2982.09 millions and net worth of Rs.3502.45 millions at 31 March 2023.

This year the Company has seen quite an improvement in business over the previous year, as this year the Company has fully recovered from the impact of COVID-19.

Based on these initiatives undertaken by the Company, there is adequate cash balance to meet its obligations.

The Company has assessed its capital and financial resources, profitability and overall liquidity position. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions, the Company as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of assets.

In view of the above, the Company believes that it 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.

2.5 Significant accounting policies

a) Revenue recognition:

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

Income from operations-

Rooms, Food and Beverage & Banquets: Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer.

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

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

Some contracts include multiple performance obligations, such as sale of food and beverages and room revenue. These are considered as separate performance obligations as, the customer can benefit from the good or service on its own and the good or services are distinct within the context of the contract. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

A contract asset viz. Unbilled revenue is recognized in respect of those performance obligations where the control of the goods has been transferred to the buyer, and only the act of invoicing is pending.

A contract liability is recognised where the customer has paid in advance, but the services are yet to be rendered by the Company or the payment exceeds the services rendered.

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

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

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



b) Employee benefits:**Short term-Employment Benefits:**

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

Defined contribution plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans:

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

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

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss

Other long-term employee benefits:

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

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

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

Based on the above, the estimated useful lives of the property, plant and equipment and intangible are as follows:

Category of assets	Useful life as per Schedule II (in years)	Useful life as per Technical Assessment (in years)
Buildings	60 years	60 years
Plant and machinery	15 years	3 years to 15 years
Furniture and fixtures	8 years	8 years
Office equipments	5 years	Same as Schedule II
Computers	3 years	Same as Schedule II
Data processing units	6 years	Same as Schedule II
Vehicles	6 years	Same as Schedule II

Freehold land is not depreciated. The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of March 18, 2019 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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



SCHLOSS CHANAKYA PRIVATE LIMITED

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

d) Intangible assets

Intangible assets include cost of acquired software and Goodwill. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Intangible assets with finite lives are amortised over their estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The estimated useful life used for amortising intangible assets is as under:

Class of Asset	Estimated Useful Life
Computer Software	6 years

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognised as of March 18, 2019 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

e) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company is Indian Rupee.

(ii) 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 at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences arising on foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

h) Inventories

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost includes the fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.



SCHLOSS CHANAKYA PRIVATE LIMITED

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

i) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively

Current Tax :

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

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

Deferred Tax :

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

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

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Non-current provisions are discounted for giving effect to time value of money, if material.

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

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

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

k) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

l) Earnings per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year adjusting the bonus element for all the reported period arising on account of issue of equity shares on rights and including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

m) Financial assets

(i) Classification

The company classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

(ii) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the company commits to purchase or sale the financial asset.

(iii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.



m) Financial assets (Continued)**-Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

-Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

v) Derecognition of financial assets

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

vi) Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

n) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

o) Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

p) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.



SCHLOSS CHANAKYA PRIVATE LIMITED

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

q) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred as excess of the-

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

r) New Standards or Other Amendments Issued but not yet Effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2022.

Ind AS 16 – Property Plant and equipment

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

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

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

None of the amendments notified by MCA which are applicable from April 1, 2022 are expected to have any material impact on the financial statements of the Company.



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

3(a) Property, plant and equipment

	Property, plant and equipment							Total
	Building	Freehold land	Plant and machinery	Furniture and fixtures	Office equipments	Computers and data processing unit	Vehicles	
Gross block								
At 31 March 2022	3,531.82	14,108.99	857.92	89.28	0.38	35.17	70.11	18,693.67
Additions during the year	-	-	56.38	1.81	0.03	0.82	-	59.04
Disposals during the year	-	-	26.39	0.06	0.07	5.19	0.82	32.53
At 31 March 2023	3,531.82	14,108.99	887.91	91.03	0.34	30.80	69.29	18,720.18
Accumulated depreciation								
At 31 March 2022	168.68	-	437.21	85.24	0.37	10.52	25.73	727.75
For the year	68.64	-	94.19	1.21	0.01	4.66	11.24	179.95
Disposals during the year	-	-	13.48	0.06	0.07	5.19	0.82	19.62
At 31 March 2023	237.32	-	517.92	86.39	0.31	9.99	36.15	888.08
Net block at 31 March 2023	3,294.50	14,108.99	369.99	4.64	0.03	20.81	33.14	17,832.10
Gross block								
At 1 April 2021	3,531.82	14,108.99	849.94	88.20	0.38	9.09	72.83	18,661.25
Additions during the year	-	-	7.98	1.08	-	26.08	-	35.14
Disposals during the year	-	-	0.00	-	-	-	2.72	2.72
Disposals during the period	3,531.82	14,108.99	857.92	89.28	0.38	35.17	70.11	18,693.67
Accumulated depreciation								
At 1 April 2021	100.04	-	305.32	83.86	0.28	8.28	17.21	514.99
For the year	68.64	-	131.89	1.38	0.09	2.24	11.24	215.48
Disposals during the year	-	-	0.00	-	-	-	2.72	2.72
At 31 March 2022	168.68	-	437.21	85.24	0.37	10.52	25.73	727.75
Net block at 31 March 2022	3,363.14	14,108.99	420.71	4.04	0.01	24.65	44.38	17,965.92



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

3(b) Intangible assets

	Intangible assets	
	Computer software	Total
Gross block		
At 31 March 2022	1.18	1.18
Additions during the year	3.78	3.78
Disposals during the year	0.19	0.19
At 31 March 2023	4.77	4.77
Accumulated amortisation		
At 31 March 2022	0.79	0.79
For the year	0.16	0.16
Disposals during the year	0.19	0.19
At 31 March 2023	0.76	0.76
Net block at 31 March 2023	4.01	4.01
Gross block		
At 1 April 2021	1.16	1.16
Additions during the year	0.02	0.02
Disposals during the year	-	-
At 31 March 2022	1.18	1.18
Accumulated depreciation		
At 1 April 2021	0.60	0.60
For the year	0.19	0.19
Disposals during the year	-	-
At 31 March 2022	0.79	0.79
Net block at 31 March 2022	0.39	0.39

3(c) Capital work-in-progress

At 1 April 2021	10.95
Additions	19.80
Assets capitalised during the year	(25.42)
As at 31 March 2022	5.33
At 1 April 2022	5.33
Additions during the year	21.49
Assets capitalised during the year	(1.41)
At 31 March 2023	25.41

Capital work-in-progress primarily comprises expenditure incurred on plant and machinery



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

3(c) Capital work-in-progress (Continued)

Capital work in progress (CWIP) Ageing Schedule

At 31 March 2023	Amount in Capital work in progress for a period of			Total
	Less than 1 year	1 - 2 years	2 - 3 years	
Capital work in progress			More than 3 years	
Projects in progress	21.49	3.92	-	25.41
Projects temporarily suspended	-	-	-	-

As at 31 March 2022

Capital work in progress	Amount in Capital work in progress for a period of			Total
	Less than 1 year	1 - 2 years	2 - 3 years	
Projects in progress	4.62	0.71	-	5.33
Projects temporarily suspended	-	-	-	-

3(d) Goodwill

Particulars	31 March 2023	31 March 2022
Opening Balance	527.57	527.57
Additions during the year	-	-
Less- Impairment loss recognized	-	-
Closing Balance	527.57	527.57

The goodwill is attributable to the acquisition of Delhi hotel undertaking of HLY Limited, and accordingly the Company is considered as the Cash generating unit. The carrying amount of goodwill is Rs. 527.57 Mn (31 March 2022 - Rs. 527.57 Mn). The carrying value of the cash generating unit is the carrying value of the net assets of the entity. The Company has adopted 'value in use' method to determine the carrying value of cash generating unit. The business combination was carried out as at 31 March 2020 and there is no change during the year compared to the values of net assets taken over during business combination.

The base assumptions considered for testing the goodwill impairment for both the cash generating units are as follows:

- The cash flow projections has been considered for a period of 7 years (31 March 2022: 8 years). The entity has acquired the business in the year 2019 and the hospitality sector has been one of the worst sectors impacted by Covid-19. A period in excess of 5 years has been considered for implementation of the business revival plan of the acquired business and the impact of the pandemic on the business is expected to improve gradually over a period of time and stabilise post that.
- The average growth rate of revenue for 7 years has been considered as 10% for Hotel and 21% for FAR with an expected date of FY 2024 (31 March 2022: 20% for Hotel and 21% for FAR).
- The Terminal value growth rate has been taken as 5% for current year and 5% for previous year.
- The average EBITDA margin considered for the period is from 40% increasing to 49% over the 7 year period and thereon 49% has been considered for perpetuity (31 March 2022: 15% to 49% and 49% for perpetuity).

The outcome of the Group's goodwill impairment test as at 31 March 2023 and 31 March 2022 did not result in any impairment of goodwill. The key assumptions considered by the Company are EBITDA margin, discount rate and revenue growth rate considered for computing terminal value.



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

4 Financial asset- Current loans

Particulars	31 March 2023	31 March 2022
Inter corporate deposit given to related parties	600.00	117.93
	<u>600.00</u>	<u>117.93</u>

Loans or advances to related parties:

Type of Borrower	31 March 2023		31 March 2022	
	Amount of loan or advance in the nature of loan outstanding	% of total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	% of the total Loans and Advances in the nature of loans
Related Parties *	600.00	100%	117.93	100%

* Related parties with common directors.

Note-

Loans includes Rs. 600 millions (Previous year : Rs 117.93 millions) due from companies in which any director is a director or a member details of which are set out below:
Schloss HMA Private Limited (Current year), Schloss Bangalore Private Limited (Previous year)

5 Financial asset- Others

5(a) Non Current

Particulars	31 March 2023	31 March 2022
Margin money deposits	71.26	71.26
Bank deposits with maturity of more than 12 months	76.67	78.48
Security deposits		
Considered good- Unsecured	8.05	8.86
	<u>155.98</u>	<u>158.60</u>

Note-

(i) Security deposits are primarily on account of utility deposits and rental agreements. Security deposits given to related parties amounts to Nil.
(ii) Out of total bank deposits, fixed deposit amounting to Rs. 70.82 Mn represents fixed deposits made with bank for a period of 5 years which is given as a guarantee to MOEF for the liability incurred towards environmental clearance.

5(b) Current

Particulars	31 March 2023	31 March 2022
To related parties (Refer Note 36)		
Interest receivable	0.18	0.56
To other than related parties:		
Security deposits		
Considered good- Unsecured	0.96	-
Advances to employees	0.06	0.24
Interest accrued on deposits	12.54	5.39
	<u>13.74</u>	<u>6.19</u>

6 Deferred tax liabilities (net)

Particulars	31 March 2023	31 March 2022
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The components of deferred tax balances are as follows:

(A) Deferred tax assets

Arising on account of timing differences in:

Provision for employee benefits	2.54	2.37
Borrowings	92.01	91.40
Unabsorbed depreciation / business loss (Refer note below)	369.41	418.02
Others	3.45	2.98
	<u>467.41</u>	<u>514.77</u>

(B) Deferred tax liability

Arising on account of timing differences in:

Compulsorily Convertible Debentures	176.41	272.44
Excess of depreciation / amortisation on property, plant and equipment under income tax laws over depreciation / amortisation provided in the books	170.04	121.05
Recognition of liabilities at fair value	-	0.58
Intangible assets including Goodwill	120.96	120.69
	<u>467.41</u>	<u>514.76</u>

Deferred tax assets/(liabilities) (net) - (A)-(B)

Note:

In the absence of reasonable certainty, Deferred Tax Asset on account of unabsorbed depreciation / business loss has been recognised to the extent it can be realised against reversal of deferred tax liability.



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

7 Current tax assets

Particulars	31 March 2023	31 March 2022
Advance tax and tax deducted at source (net of provisions)	13.33	8.63
	<u>13.33</u>	<u>8.63</u>

8 Other Assets

8(a) Non-Current

Particulars	31 March 2023	31 March 2022
To other than related parties		
Capital advances	7.31	2.04
Prepaid expenses	2.30	4.29
Balances with government authorities*	260.97	260.97
Total	<u>270.58</u>	<u>267.30</u>

Balance with government authorities represents advance given to NDMC for FAR and ZAAR matter which is ongoing before the court. (Refer Note 35)

8(b) Current

Particulars	31 March 2023	31 March 2022
To related parties (Refer Note 36)		
Reimbursement receivable from related parties	-	6.02
To other than related parties:		
Advance to suppliers	11.54	9.50
Prepaid expenses	33.83	19.98
Insurance claim receivables	-	0.24
Balances with government authorities	37.31	25.14
Unbilled revenue	40.43	46.14
	<u>123.11</u>	<u>107.02</u>

9 Inventories

(valued at cost or NRV whichever is lower)

Particulars	31 March 2023	31 March 2022
Food and beverages	42.96	35.54
Stores and operating supplies	31.21	24.75
	<u>74.17</u>	<u>60.29</u>

Note- Inventory written off during the year amounts to Rs. Nil (PY amount: Nil)

10 Trade receivables

Particulars	31 March 2023	31 March 2022
Receivables from related parties (Refer Note 36)	0.40	0.22
Trade receivables- other than related parties	113.42	46.61
Less: Loss allowance	(7.01)	(9.75)
Total receivables	<u>106.81</u>	<u>37.08</u>



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)

10 Trade receivables (Continued)

As at 31 March 2023

Particulars	Outstanding for following periods from date of transaction					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	97.25	7.43	2.13	-	-	106.81
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivable - credit impaired	-	-	3.12	1.14	2.74	7.01
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	(3.12)	(1.14)	(2.74)	(7.01)
Less: provision for doubtful debts	-	-	-	-	-	-
Total	97.25	7.43	2.13	-	-	106.81

As at 31 March 2022

Particulars	Outstanding for following periods from date of transaction					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	37.08	-	-	-	-	37.08
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivable - credit impaired	0.69	9.06	-	-	-	9.75
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Less: provision for doubtful debts	(0.69)	(9.06)	-	-	-	(9.75)
Total	37.08	-	-	-	-	37.08



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

11 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Cash on hand	1.04	1.85
Balances with banks		
- in current accounts	49.26	115.72
- in deposit accounts with original maturity of less than 3 months	238.90	963.85
	<u>289.20</u>	<u>1,081.42</u>

Note:

Cash and bank balances are denominated and held in Indian Rupees and the balance with banks mentioned above is of unrestricted nature.

12 Bank balances other than cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Other bank balances		
- Fixed deposits	118.28	39.57
	<u>118.28</u>	<u>39.57</u>

13 Equity Share Capital

Particulars	31 March 2023	31 March 2022
Authorised		
65,500,000 (Previous Year: 65,500,000) equity shares of Rs.10 each	655.00	655.00
	<u>655.00</u>	<u>655.00</u>
Issued, subscribed and paid up		
57,423,076 (Previous Year: 57,423,076) equity shares of Rs.10 each, fully paid up	574.23	574.23
	<u>574.23</u>	<u>574.23</u>

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

Particulars	31 March 2023		31 March 2022	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	5,74,23,076	574.23	5,74,23,076	574.23
Shares issued during the year	-	-	-	-
At the end of the year	<u>5,74,23,076</u>	<u>574.23</u>	<u>5,74,23,076</u>	<u>574.23</u>

b) Rights, preference and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company.

c) Shares held by holding company / ultimate holding company

Particulars	31 March 2023		31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each fully paid-up				
BSREP III India Ballet I Pte. Ltd., holding company	5,74,23,075	574.23	5,74,23,075	574.23
BSREP III India Ballet Pte. Ltd., ultimate holding company	1	0.00	1	0.00
	<u>5,74,23,076</u>	<u>574.23</u>	<u>5,74,23,076</u>	<u>574.23</u>

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

Particulars	31 March 2023		31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity shares of Rs. 10 each fully paid-up				
BSREP III India Ballet I Pte. Ltd.	5,74,23,075	99.999998%	5,74,23,075	99.999998%
	<u>5,74,23,075</u>	<u>99.999998%</u>	<u>5,74,23,075</u>	<u>99.999998%</u>

e) Company has not issued any bonus shares, shares for consideration other than cash and neither bought back any shares from the date of incorporation.

14 Other equity

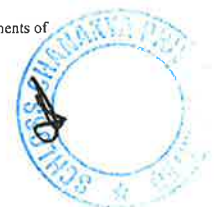
Particulars	31 March 2023	31 March 2022
Securities premium account:		
At the commencement of the year	5,033.72	5,033.72
Add: Premium on shares issued during the year	-	-
At the end of the year	<u>5,033.72</u>	<u>5,033.72</u>
Retained earnings:		
At the commencement of the year	(2,351.76)	(1,281.74)
Add: Profit / (Loss) for the year	(633.21)	(1,074.60)
Add: Other comprehensive income/ loss	2.88	4.58
At the end of the year	<u>(2,982.09)</u>	<u>(2,351.76)</u>
Equity component of compound financial instruments		
At the commencement of the year	876.59	876.59
Add: Additions for the year	-	-
At the end of the year	<u>876.59</u>	<u>876.59</u>
Total	<u>2,928.22</u>	<u>3,558.55</u>

Note:

Securities premium:
Securities premium represents the premium charged to the shareholders at the time of issuance of equity shares. The securities premium can be utilised based on the relevant requirements of the Companies Act, 2013.

Retained earnings:
Retained earnings represents accumulated earnings of the Company available for distribution to shareholders as per the provisions of the Companies Act, 2013.

Equity component of compound financial instruments
This represents equity portion of Compulsorily Convertible Debentures (CCDs), net of tax. Refer note 15(b) for details on terms of the instrument.



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)

(All amounts in INR millions, unless otherwise stated)

15 Borrowings

15(a) Non-Current Borrowings

Particulars	31 March 2023	31 March 2022
Secured:		
Term loans:		
- From banks		
Rupee term loan (Refer note A and B)	9,169.43	9,176.74
Less : Amount disclosed under Current maturities of long-term borrowings {Refer note A(d) and B(c)}	(115.63)	(47.93)
	<u>9,053.80</u>	<u>9,128.81</u>
Working capital term loan (Refer note)	2,000.00	2,000.00
Less :Amount disclosed under Current maturities of long-term borrowings {Refer note (c)}	(125.00)	-
	<u>1,875.00</u>	<u>2,000.00</u>
Unsecured:		
Liability component of compound financial instruments (Refer note C)	4,681.49	4,312.15
	<u>4,681.49</u>	<u>4,312.15</u>
Total	<u>15,610.29</u>	<u>15,440.96</u>

15(b) Current Borrowings

Particulars	31 March 2023	31 March 2022
Secured:		
Short Term Line Credit (Refer note D)	185.49	191.68
Current maturities of long-term borrowings (refer note 14a)	240.63	47.93
	<u>426.12</u>	<u>239.61</u>

Notes:

A Term loan and working capital loan from Bank

The lender has granted a term loan facility under the Common Facility Agreement dated 30 September 2019 to the Company and three co-borrowers i.e. Schloss Chennai Private Limited, Schloss Udaipur Private Limited and Schloss Bangalore Private Limited, for a total amounting to Rs. 27,500.00 millions for the purpose of acquisition (Rs. 25,500 millions) and refurbishment of the hotel property (Rs. 2,000 millions) fully fungible amount amongst each of the three co-borrowers and the Company's hotel property in Delhi. The door to door tenure of the loan is 15 years including moratorium of one year. The loan is repayable in 56 quarterly structured installments beginning 31 December 2020. The loan carries interest rate linked to lender's one year marginal cost of funds based lending rate ("MCLR"), subject to annual reset, plus spread ranging from 0.80% to 1.60% based on the external credit rating. The Company has available facility of Rs. 8,955.00 millions and rate of interest as on 31 March 2023 is 8.70% (March 2022: 7.80% p.a).

With the gradual drawdown of capex in the past three years the individual limits set for Schloss Chennai Private Limited and Schloss Udaipur Private Limited got exhausted and an application to the lender was made for revision in the individual limits. However, due to the system limitation at the end of the lender, the same cannot be revised and accordingly a cross utilisation of capex limit was done during the year. The Company has cross charged the interest expense on such utilisation.

(a) Primary security:

The total term loan under the said agreement is secured against assets of the Company, other co-borrowers and obligators i.e. Schloss HMA Private Limited and Leela Palaces and Resorts Limited under the Common Facility Agreement, inter alia, including:

- Exclusive charge on the total assets (including mortgage of property and / or mortgage of leasehold rights in case of leasehold property, if any) (present & future).
- Exclusive charge on brand "Leela" pertaining to Hotels, other intangibles, Goodwill, Intellectual Property (IP), uncalled capital (present and future).
- Exclusive charge on all bank accounts including but not limited to Escrow account (present & future).
- First charge on the total current assets (present and future).
- Hypothecation of cash flows.

(b) Corporate guarantee:

- of Schloss HMA Private Limited, a fellow subsidiary.
- of Leela Palaces and Resorts Limited, a fellow subsidiary.

(c) Other security:

- Pledge of 30% shares of the Company held by BSREP III India Ballet I Pte. Ltd., Holding company, in favour of security trustee for the benefit of lenders for the entire term loan exposure.
- A guarantee of BSREP III India Ballet Pte. Limited, ultimate Holding company, situated at Singapore upto an amount of Rs. 3,000 millions, enforceable at Singapore towards meeting the shortfall in debt service obligations till 30 March 2022.
- A guarantee of BSREP III India Ballet Holdings (DIFC) Limited., ultimate Holding company of sister company, situated at Dubai upto an amount of Rs. 3,000 millions, enforceable at Dubai towards meeting the shortfall in debt service obligations from 31 March 2022.
- Mortgage on the land situated at Agra owned by Leela Palaces and Resorts Limited.

(d) Current maturities of long-term borrowings are classified as other current liabilities.

(e) Modification in facility terms:

Lender on the request of the management has waived the requirement of testing of financial covenants till the end of FY 2022-23 with testing to be performed on the audited balance sheet as at 31 March 2024 onwards.

(f) Moratorium on interest:

Company has availed the moratorium facility for interest on term loan from the month of March to August, 2020 which has been further capitalised into term loan w.e.f. 01 October 2020. Accordingly, interest outstanding till 31 August 2020 amounting to Rs.390.26 millions (Previous year- Rs. 390.26 millions) has been capitalized in term loan reported above.

(g) The quarterly returns or statements of current assets i.e. stock statement, FFRs etc. filed by the Company with banks or financial institutions are in agreement with the books of accounts.

B The lender has granted a Working capital term Loan (WCTL) Facility under Guaranteed Emergency Credit Line 3.0 (GECL 3.0) facility of Rs.2000 millions (Previous Year: 2000 millions) on 9 December, 2021 to the Company to augment net working capital, requirements to meet operational liabilities. The door to door tenure of the loan is 6 years including moratorium of principal of two years. The loan is repayable in 48 monthly structured installments beginning January 2024. The loan carries interest rate linked to lender's six months marginal cost of funds based lending rate ("MCLR"), plus 1%, subject to annual reset.

(a) Primary security:

Second charge on securities mentioned in A(a) above.

(b) Other security:

- Pledge of 30% shares of the Company held by BSREP III India Ballet I Pte. Ltd., Holding company, in favour of security trustee for the benefit of lenders for the entire term loan exposure.

(c) Current maturities of long-term borrowings are classified as short term borrowings.



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)

(All amounts in INR millions, unless otherwise stated)

15 Borrowings (Continued)

Notes (Continued)

C 10.50% unsecured compulsorily convertible debentures

(a) Conversion terms:

At the end of the tenure (15 years), each Compulsorily Convertible Debentures ("CCD") of face value of Rs 100 each will be converted into 1 equity share of face value of Rs 10 each. CCD can be converted during the tenure of CCD at the option of the CCD holders. Provided that the CCDs shall automatically stand converted into equity shares upon:

(a) Commencement of the corporate insolvency resolution process of the Company or, any of the co-borrowers under the Common Facility Agreement dated 30 September 2019 executed with the lender; or

(b) Conversion of loan into equity of the Company or any or all of the co-borrowers under the Common Facility Agreement, unless otherwise instructed by the lender as per the Common Facility Agreement who have provided the loans or who may have acceded to the financing documents.

During the year ended 31 March 2021, the terms of the CCD have been amended to provide the option to the issuer to convert the CCD during the tenure of the CCD. However, the issuer does not expect to convert the said instrument before the expiry of its term of 15 years at the end of which it should stand automatically converted subject to the above.

(b) Restriction on payment of interest on CCDs:

As per terms of the Common Facility Agreement referred at clause 5(A) above, interest on the CCDs shall be accrued but cannot be paid by the Company until all the obligations under Common Facility Agreement are completed or seized.

D Short Term Credit Line

The lender has granted a working capital facility as per Agreement dated 11 August 2020 to the Company and three co-borrowers i.e. Schloss Chennai Private Limited, Schloss Bangalore Private Limited, Schloss Udaipur Private Limited, for a total amounting to Rs. 500.00 millions (March 2022: 500 millions) to meet the working capital requirement and it is repayable on demand. The loan carries interest rate linked to lender's one year marginal cost of funds based lending rate ("MCLR"), subject to monthly reset. The rate of interest as on 31 March 2021 is 9.25 %

(a) Primary security:

Exclusive first charge on the entire current assets (Present and Future) of the Borrower and Schloss HMA Private Limited (hotel management entity).

(b) Collateral security:

(i) Extension of exclusive charge on the entire fixed assets (including mortgage of property and/or mortgage of lease hold rights in case of lease hold property, if any) of the borrower.

(ii) Extension of exclusive charge on all cash flows of the borrower and Schloss HMA Private Limited (hotel management entity), related to project (including but not limited to ESCROW account and Debt Service Reserve Accounts) opened to be opened with lender.

(iii) Extension of mortgage on the land situated at Agra owned by Leela Palaces and Resorts Limited.

(iv) Extension of exclusive charge on brand Leela, other intangibles, goodwill, IP relating to the 4 SPVs owned by Schloss HMA Private Limited.

(v) Extension of pledge of 30% shares of (i) Schloss Chanakya Private Limited held by BSREP III India Ballet I Pte. Ltd. (ii) Schloss Udaipur Private Limited held by BSREP III India Ballet II Pte. Ltd. (iii) Schloss Bangalore Private Limited held by BSREP III India Ballet III Pte. Ltd. (iv) Schloss Chennai Private Limited BSREP III India Ballet IV Pte. Ltd. in favour of the lender for the entire exposure (TL+WC).

(c) Corporate guarantee:

i) of Schloss HMA Private Limited, a fellow subsidiary.

ii) of Leela Palaces and Resorts Limited, a fellow subsidiary.

iii) A guarantee of BSREP III India Ballet Pte. Limited, ultimate Holding company, situated at Singapore upto an amount of Rs. 3,000 millions, enforceable at Singapore towards meeting the shortfall in debt service obligations till 30 March 2022.

iv) A guarantee of BSREP III India Ballet Holdings (DIFC) Limited., ultimate Holding company of sister company, situated at Dubai upto an amount of Rs. 3,000 millions, enforceable at Dubai towards meeting the shortfall in debt service obligations from 31 March 2022.

(d) The quarterly returns or statements of current assets i.e. stock statement, FFRs etc. filed by the Company with banks or financial institutions are in agreement with the books of accounts.



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)

(All amounts in INR millions, unless otherwise stated)

16 Other financial liabilities

16(a) Non-Current

Particulars	31 March 2023	31 March 2022
Trade / security deposits	0.25	0.45
Liability towards environmental clearance (Refer note 31)	56.95	48.08
Statutory dues payable		
- Property tax (Refer Note 35)	6.11	6.11
	<u>63.31</u>	<u>54.64</u>

16(b) Current

Particulars	31 March 2023	31 March 2022
Trade / security deposits	1.25	1.05
Employee dues payable	31.48	29.87
Interest Accrued but not due on Borrowings	-	75.90
Liability towards environmental clearance (Refer note 31)	-	42.36
	<u>32.73</u>	<u>149.18</u>

17 Provisions

17(a) Non-Current

Particulars	31 March 2023	31 March 2022
Provision for employee benefits:		
- Compensated absences	4.36	2.50
- Gratuity (Refer note 27)	4.41	6.11
	<u>8.77</u>	<u>8.61</u>

17(b) Current

Particulars	31 March 2023	31 March 2022
Provision for employee benefits:		
- Compensated absences	0.41	0.21
- Gratuity (Refer note 27)	0.59	0.28
	<u>1.00</u>	<u>0.49</u>

18 Trade payables

Particulars	31 March 2023	31 March 2022
- Total outstanding dues of micro enterprises and small enterprises (Refer note below)	16.65	19.75
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related parties (Refer Note 36)	106.91	67.11
- Other vendor payables	62.68	52.86
- Accrual expenses and others	90.85	34.37
	<u>277.09</u>	<u>174.09</u>

Dues of micro enterprises and small enterprises

Particulars	31 March 2023	31 March 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	16.65	19.75
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.01	0.00
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.92	5.51
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.01	0.17
Further interest remaining due and payable for earlier years	-	-

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 MSMED Act.



18 Trade payables (Continued)

As at 31 March 2023

Particulars	Accrued expenses and others	Outstanding for following periods from date of transaction				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	16.65	-	-	-	16.65
(ii) Others	90.87	162.31	7.27	0.00	-	260.45
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	90.87	178.95	7.27	0.00	-	277.09

As at 31 March 2022

Particulars	Accrued expenses and others	Outstanding for following periods from date of transaction				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	19.75	-	-	-	19.75
(ii) Others	34.37	119.97	-	-	-	154.34
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	34.37	139.72	-	-	-	174.09



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

19 Other current liabilities

Particulars	31 March 2023	31 March 2022
Advance from customers	97.51	69.53
Statutory dues payable		
- Tax deducted at source and equalisation levy	98.13	89.07
- Provident fund	2.59	2.20
- Employees state insurance	0.09	0.09
- Goods and services tax	31.61	18.39
- Value added tax	2.59	3.61
	<u>232.52</u>	<u>182.89</u>



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

20 Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contract with customers:		
(a) Sale of products:		
Food and beverages revenue	896.04	519.64
(b) Sale of services:		
Room income	1,302.19	534.32
Income from rental and related services	1.66	2.80
Other allied services (laundry income, health club income, airport transfers, membership etc)	107.91	37.19
	<u>1,411.76</u>	<u>574.31</u>
Total revenue from operations	<u><u>2,307.80</u></u>	<u><u>1,093.95</u></u>

The entire revenue of the Company is generated in India. The disaggregation of revenue is presented above.

Contract Balances

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognized when the performance obligation is over/ services delivered. Advance collection is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards rooms/ restaurant/ banquets. Revenue is recognized once the performance obligation is met i.e. on room stay/ sale of food and beverage/ provision of banquet services/ other allied services. The Company has recorded revenue of Rs. 50.56 millions against opening balance of contract liabilities.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract liabilities		
- Advance from customers	97.51	69.53
Contract assets		
- Unbilled revenue	40.43	46.14

21 Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income from financial assets measured at amortized cost:		
- fixed deposits	39.93	13.53
- Intercompany Deposit	9.49	1.99
- others	0.51	0.63
Liability no longer required written back	2.75	-
Compensated absences written back (Refer note 27)	-	3.29
Net foreign exchange differences	1.54	0.11
Net gain on account of modification in liability towards environmental clearance	9.38	2.51
Net gain on disposal of property, plant and equipment	-	20.08
Other income	16.05	7.42
	<u>79.65</u>	<u>49.56</u>

22 Consumption of food and beverages

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening balance	35.54	38.10
Add: Purchases	194.05	115.27
	<u>229.59</u>	<u>153.37</u>
Less: Inventory at the end of the period	42.96	35.54
	<u>186.63</u>	<u>117.83</u>



SCHLOSS CHANAKYA PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2023 (Continued)
(All amounts in INR millions, unless otherwise stated)

23 Employee benefits expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	330.28	262.27
Contribution to provident fund, employees state insurance and labour welfare fund	15.17	12.61
Gratuity & Leave compensation	9.08	2.93
Staff welfare expenses	37.41	24.62
	<u>391.94</u>	<u>302.43</u>

24 Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on:		
- Term loan*	943.86	848.27
- Unwinding of provision and liability	6.59	43.29
- Compulsory Convertible Debentures	461.29	417.49
Other borrowing costs (term loan upfront fee, processing fee, advisory fee etc.)	2.07	2.15
	<u>1,413.81</u>	<u>1,311.20</u>

* Includes interest on working capital term loan of Rs. 170.14 millions (Previous Year Rs. 42.69 millions).

25 Depreciation and amortisation

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment	179.94	215.48
Amortisation of intangible assets	0.16	0.19
	<u>180.10</u>	<u>215.67</u>

26 Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and operating supplies	72.87	41.84
Power and fuel	130.22	87.75
Repairs and maintenance		
- buildings	42.42	14.23
- plant and machinery	30.22	16.12
- others	34.56	21.42
Insurance	9.96	7.55
Communication	3.48	3.05
Travelling and conveyance	9.80	4.20
Guest transport	7.06	4.23
Printing and stationery	1.32	0.38
Reservation fees	8.43	4.06
Sales and credit card commission	78.68	33.20
Provision for doubtful debt	-	8.94
Business promotion	74.30	46.02
Management fees	146.21	53.99
Legal and professional fees	36.68	22.92
Payment to auditor's (Refer note below)	1.80	1.70
Rates and taxes	97.88	119.84
Bank charges	0.65	0.38
Net loss on disposal of property, plant and equipment	8.80	-
Miscellaneous expenses	52.84	20.38
	<u>848.18</u>	<u>512.20</u>

Payment to auditor's (excluding taxes)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Statutory audit fees	1.80	1.70
	<u>1.80</u>	<u>1.70</u>



27 Employee benefits obligations

(a) Defined contribution plan

The Company makes provident fund contributions to defined contribution plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable under these plans by the Company are at rates specified in the rules of the schemes. The contributions are charged to the statement of profit and loss as they accrue. The amount as an expense towards contribution to provident fund, employees state insurance and labour welfare fund for the period aggregated to Rs. 15.17 millions (PV amount: Rs. 12.61 millions)

(b) Defined benefit plan

Gratuity

The Company operates post-employment defined benefit plan that provides gratuity. The Company has partly funded the defined benefit plan for eligible employees. The scheme provides for lumpsum payment to eligible employees on retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to a limit of Rs. 20 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company as per policy. Eligibility occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost are measured using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The employees of IILV Limited were eligible and covered under the existing Group Gratuity-cum-Life assurance policies administered through IILV Limited, Employee Group Gratuity-cum-Life Assurance Scheme. On 16 October 2019, the Company and Hotel Leclaire Limited has entered into a Business Transfer Agreement ("BTA") for acquisition of Delhi hotel operations (the "Hotel") of IILV Limited. Pursuant to BTA, there has been complete transfer of employment at the Hotel to the Company and the continuity of services for every employee at the Hotel was conserved. Pending transfer of plan assets and obligations under the existing policy of IILV Limited, Employee Group Gratuity Life Assurance Scheme to the new policy of Schloss Chanakya Private Limited as at the reporting date, the Company has considered the fair value of plan assets and obligations pertaining to the transferred employees at the hotel as accumulated under the existing policies for the purpose of actuarial valuation.

Particulars	Amount (in millions)	
	31 March 2023	31 March 2022
Present value of obligation	16.20	18.35
Fair value of plan assets	11.20	12.04
Net assets / (liability) recognized in balance sheet as provision	(5.00)	(6.32)

Movement in net defined benefit obligation and plan assets

The following table shows a reconciliation from the opening balances to closing balances

	Defined benefit obligation		Fair value of plan assets		Net assets/liability	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Opening balance	18.35	21.18	12.04	12.11	(6.32)	(9.07)
Acquisition adjustment	-	-	-	0.35	-	0.35
Current Service Cost	3.47	3.17	-	-	(3.47)	(3.17)
Past Service Cost including curtailment Gains/Losses	-	-	-	-	-	-
Gains or Losses on Non routine settlements	-	-	-	-	-	-
Interest Cost/ Interest income on plan assets	1.33	1.43	4.80	0.26	3.47	(1.17)
Benefits paid	(8.00)	(0.69)	(8.00)	(0.69)	-	-
Employer Contribution	-	-	2.37	-	2.37	-
Actuarial loss (gain) arising from changes in:	-	-	-	-	-	-
Demographic Assumption	-	-	-	-	-	-
Financial Assumption	-	-	-	-	-	-
Experience Adjustment	1.05	(6.74)	-	-	(1.05)	6.74
Actuarial (loss)/ gain on plan asset	-	-	-	-	-	-
Closing balance	16.20	18.35	11.20	12.04	(5.00)	(6.32)

Expense recognized in statement of profit and loss:

Particulars	31 March 2023	31 March 2022
Total Service Cost	3.47	3.17
Net Interest Cost	0.46	0.61
Expense recognized in the Income Statement	3.93	3.78

Remeasurements recognized in other comprehensive income:

Particulars	31 March 2023	31 March 2022
Actuarial gain / (loss) for the year on PBO	(1.05)	6.74
Actuarial gain / (loss) for the year on Asset	3.93	(0.55)
Unrecognized actuarial gain/(loss) for the period	2.88	6.19

Plan Assets:

Plan assets comprise the following

Particulars	31 March 2023	31 March 2022
Funds Managed by Insurer	11.20	12.04
Coverage of plan asset	100%	100%

Summary of actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date

Particulars	31 March 2023	31 March 2022
Discount rate	7.39%	7.26%
Future salary growth	7.00%	7.00%
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	IALM(2012-14)	IALM(2012-14)
Attrition at Ages		
- Up to 30 Years	2.00%	2.00%
- From 31 to 44 years	1.00%	1.00%
- Above 44 years	1.00%	1.00%

Sensitivity analysis:

a) Impact of the change in discount rate		
Present Value of Obligation at the end of the period	16.20	18.35
Impact due to increase of 0.50%	(1.07)	(1.25)
Impact due to decrease of 0.50%	1.17	1.38
b) Impact of the change in salary increase		
Present Value of Obligation at the end of the period	16.20	18.35
Impact due to increase of 0.50%	1.17	1.38
Impact due to decrease of 0.50%	(1.08)	(1.26)

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable

Expected contribution for the next Annual reporting period:

Particulars	Amount (in millions)
Service Cost	4.91
Net Interest Cost	0.37
Expected Expense for the next annual reporting period	5.28

c) Compensated absences

The compensational absences (non-funded) for the period ended 31 March 2023 amounting to Rs. 1.99 millions (PV amount) (reversal) Rs. 3.29 millions has been recognized in the statement of profit and loss, based on actuarial valuation carried out using Projected Unit Credit Method.



28 Earnings per share

Computation of earnings per share		
Particulars	31 March 2023	31 March 2022
Loss attributable to equity shareholders for basic EPS	(633.21)	(1,074.60)
Loss attributable to equity shareholders for diluted EPS	(633.21)	(1,074.60)
Weighted average number of shares to be considered for computing basic EPS	5,74,23,076	5,74,23,076
Weighted average number of shares to be considered for computing diluted EPS	5,74,23,076	5,74,23,076
Face value per share	10	10
Basic earnings per share (INR)	(11.03)	(18.71)
Diluted earnings per share (INR)	(11.03)	(18.71)
Reconciliation of earnings used in calculating earnings per share		
Particulars	31 March 2023	31 March 2022
Basic EPS		
Loss attributable to equity shareholders	(633.21)	(1,074.60)
	(633.21)	(1,074.60)
Diluted EPS		
Loss attributable to equity shareholders	(633.21)	(1,074.60)
Loss attributable to be considered for diluted eps	(633.21)	(1,074.60)
Weighted average number of shares used as the denominator		
Particulars	31 March 2023	31 March 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	5,74,23,076	5,74,23,076
Weighted average number of mandatorily convertible instruments (MCIs) included in the denominator in calculating basic earnings as per para 23 of Ind-AS 33*	-	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating basic and diluted earnings per share	5,74,23,076	5,74,23,076

Note: Since the shares are anti-dilutive in nature, we will ignore the impact of convertible debentures.

29 Segment Reporting

The Company's Director's are identified as Chief Operating Decision Maker (CODM), since they are responsible for all the major decisions with respect to the preparation and execution of business plan, preparation of budget, planning, alliance, merger, acquisition and expansion of Hotel Leela Delhi. 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

The company does not derive revenue from one customer which would amount to 10 per cent or more of the entity's revenue.

30 Leases

The Company has entered into contracts which qualify for lease as per the criteria specified under Ind AS 116. There are 2 recognition exemptions have been provided in Ind AS 116 for short term leases and low value leases. The contracts entered by the company are primarily for the purpose of accommodation of employees and for the term of less than 12 months. Hence, they qualify the exemption criteria for short term lease. For the rest of the contracts, the Company has the option to exit the lease by giving 2-3 months notice without any significant penalty. Based on expected use of such leased premises by the management they would qualify for short term lease exemption. Hence, the lease rentals has directly been charged to the statement of P&L.

31 Liability for environmental clearance

Liability towards environmental clearance pertains to expenses to be incurred by the Company for the remediation plan for obtaining Environmental Clearance ("EC") from the Ministry of Environment and Forests ("MOEF") for the enhanced built-up area for which EC was not obtained in the past. The total expenses to be incurred by the Company is Rs 109.07 millions. The breakup of the amount to be incurred by the Company is as follows:

Particulars	Amount
Cost on remediation plan based on damage assessment due to violation	36.97
Natural resource and community resource augmentation plan	33.85
Activities to be completed under CER after the accordance of environmental clearance	36.25
Ecology and biodiversity conservation in Asoli/Bhithi Sanctuary and Okhla Bird Sanctuary	2.00
	<u>109.07</u>

The said amount is to be spent by the Company over a period of 3 years as follows:

Particulars	31 March 2023	31 March 2022
Financial year 2021-22	24.45	24.45
Financial year 2022-23	23.50	42.36
Financial year 2023-24	61.12	42.26
	<u>109.07</u>	<u>109.07</u>

*This is to be incurred over the period of three years starting December 2020.

32 Net debt reconciliation

Reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities for movement in the statement of cash flow are given below:

Particulars	Current Borrowings		Non-Current Borrowings	
Balance as at 31 March 2021	155.75		15,432.86	
Proceeds for the year (inclusive of security premium component)	35.93		2,000.00	
Repayments for the year	-		(7.83)	
Interest cost for the year (inclusive of fair valuation component)	-		848.27	
Interest paid for the year	-		(902.23)	
Balance as at 31 March 2022	191.68		17,371.07	
Proceeds for the year (inclusive of security premium component)	(6.19)		185.38	
Interest cost for the year (inclusive of fair valuation component)	-		943.86	
Interest paid for the year	-		(1,120.38)	
Balance as at 31 March 2023	185.49		17,379.94	

33 Financial Instruments - Fair values and risk management

Note 32.1: Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31-Mar-2023

Particulars	Carrying amount				Fair value			
	FVTPL	Amortised cost	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Trade receivables	-	106.81	-	106.81	-	-	106.81	106.81
Loans	-	600.00	-	600.00	-	-	600.00	600.00
Cash and cash equivalents	-	289.20	-	289.20	-	-	289.20	289.20
Bank balances other than cash and cash equivalents	-	118.28	-	118.28	-	-	118.28	118.28
Other financial assets	-	169.72	-	169.72	-	-	169.72	169.72
	-	<u>1,165.73</u>	-	<u>1,165.73</u>	-	-	<u>1,165.73</u>	<u>1,165.73</u>
Financial liabilities:								
Borrowings (excluding current maturities)	-	16,036.41	-	16,036.41	-	-	16,036.41	16,036.41
Trade payables	-	277.09	-	277.09	-	-	277.09	277.09
Other financial liabilities	-	96.04	-	96.04	-	-	96.04	96.04
	-	<u>16,409.54</u>	-	<u>16,409.54</u>	-	-	<u>16,409.54</u>	<u>16,409.54</u>



33 Financial Instruments – Fair values and risk management (Continued):

As at 31-Mar-2022

Particulars	Carrying amount				Fair value			
	FVTPL	Amortised cost	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Trade receivables	-	37.08	-	37.08	-	-	37.08	37.08
Loans	-	117.93	-	117.93	-	-	117.93	117.93
Cash and cash equivalents	-	1,081.42	-	1,081.42	-	-	1,081.42	1,081.42
Bank balances other than cash and cash equivalents	-	39.57	-	39.57	-	-	39.57	39.57
Other financial assets	-	164.79	-	164.79	-	-	164.79	164.79
	-	1,440.78	-	1,440.78	-	-	1,440.78	1,440.78
Financial liabilities:								
Borrowings (excluding current maturities)	-	15,680.57	-	15,680.57	-	-	15,680.57	15,680.57
Trade payables	-	174.09	-	174.09	-	-	174.09	174.09
Other financial liabilities	-	203.82	-	203.82	-	-	203.82	203.82
	-	16,058.48	-	16,058.48	-	-	16,058.48	16,058.48

Note:

- i) The carrying amounts of trade receivables, trade payables, cash and cash equivalents and bank balances other than cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.
 ii) The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
 iii) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
 iv) For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 32.2: Financial risk management objectives and policies

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

- A) Credit risk
 B) Liquidity risk
 C) Market risk
 (i) Currency risk
 (ii) Interest rate risks

Risk management framework:

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A) 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, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The company operates only in one geographical location i.e. in India. Considering the industry in which the company is operating, there is no major long outstanding receivables other than received in the business combination.

The Company also establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The carrying amounts of trade receivables as disclosed in note 9 represent the maximum credit risk exposure.

The ageing of trade receivables that are past due and expected credit loss are given below:

Year	1 to 60 days	61 to 120 days	120 to 180 days	Above 180 days	Gross receivable	Impairment	Net receivable
As at 31 March 2023	74.85	18.48	3.98	16.51	113.82	7.01	106.81
As at 31 March 2022	27.01	6.66	4.10	9.06	46.83	9.75	37.08

The movement in loss allowance in respect of trade receivables is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening	9.75	2.38
Loss allowance recognised	0.76	7.37
Amounts written off	3.51	-
Closing	7.01	9.75

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

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

As at 31 March 2023	Carrying values	Contractual cash flows			
		0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:					
Non-current borrowings (including current maturities)	15,850.92	240.63	675.92	3,333.49	6,958.94
Current borrowings	185.49	185.49	-	-	-
Trade payables	277.10	277.10	-	-	-
Other financial liabilities (excluding current maturities)	96.04	32.73	63.31	-	-
	16,409.54	735.95	739.23	3,333.49	6,958.94
As at 31 March 2022					
Non-derivative financial liabilities:					
Non-current borrowings (including current maturities)	15,488.89	47.93	282.29	2,268.69	14,390.98
Current borrowings	191.68	191.68	-	-	-
Trade payables	174.09	174.09	-	-	-
Other financial liabilities (excluding current maturities)	203.82	149.18	48.47	42.26	-
	16,058.48	562.89	330.76	2,310.95	14,390.98

C) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Our Board of Directors are responsible for overseeing our risk assessment and management policies. Our major market risks of foreign exchange and interest rate risk are managed by our treasury department, which evaluates and exercises independent control over the entire process of market risk management.

Currency risk:

The currencies in which the transactions are primarily denominated are Indian Rupees. The Company is exposed to currency risk in respect of transactions in foreign currency. The transactions of the Company primarily in foreign currency are import of stores and operating supplies, payment of royalty and other expenses. There are no foreign currency revenue. The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Year	USD	Euro	GBP
As at 31 March 2023	-	-	-
As at 31 March 2022	-	-	-



33 Financial Instruments – Fair values and risk management (Continued)

Risk management framework (Continued):
Currency risk (Continued):
Sensitivity

	As at 31 March 2023	As at 31 March 2022
USD sensitivity*		
Impact due to increase of 5%	-	-
Impact due to decrease of 5%	-	-
EUR sensitivity*		
Impact due to increase of 5%	-	-
Impact due to decrease of 5%	-	-
GBP sensitivity*		
Impact due to increase of 5%	-	-
Impact due to decrease of 5%	-	-

* - Holding all other variables constant and the impact is entirely on profit before tax

Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Particulars (Principal amount)	As at 31 March 2023	As at 31 March 2022
Fixed-rate instruments		
- Compulsorily convertible debentures	5,360.00	5,360.00
Variable-rate instruments		
- Term loan from bank	11,208.98	11,214.35
	16,568.98	16,574.35

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss before tax and equity before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	31/03/2023		31/03/2022	
	Profit/(Loss)		Profit/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
Variable-rate instruments (Movements - 50 basis points)	(56.04)	56.04	(56.07)	56.07
Cash flow sensitivity (net)	(56.04)	56.04	(56.07)	56.07

34 Tax expense

Particulars	31 March 2023	31 March 2022
(a) Income tax expense		
Current tax	-	-
Current tax on profits for the year	-	-
Total current tax expense	-	-
Deferred tax	-	(241.22)
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	(241.22)
Total deferred tax expense/(benefit)	-	(241.22)
Income tax expense	-	(241.22)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	31 March 2023	31 March 2022
Profit before income tax expense	(633.21)	(1,315.82)
Tax on above @ 26%	(164.63)	(342.11)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items allowable on payment basis not recognised in statement of profit and loss	(0.17)	(1.42)
Impact of change in tax laws	0.27	(0.02)
Unrecognised tax losses/unabsorbed depreciation	49.61	(307.39)
Other timing differences	(46.20)	(32.39)
Income tax expense	-	(241.22)

(c) Deferred tax

Particulars	Balance as at 31 March 2022	Accounted through statement of profit and loss Charge/(credit)	Accounted through OCI Charge/(credit)	Accounted through other equity Charge/(credit)	Balance as at 31 March 2023
Deferred tax liability:					
Property, plant and equipment	121.05	48.99	-	-	170.04
Intangible assets including Goodwill	120.69	0.27	-	-	120.96
Compulsorily Convertible Debentures	272.44	(96.03)	-	-	176.41
Recognition of liabilities at fair value	0.58	(0.58)	-	-	-
Deferred tax assets:					
Borrowings	(91.40)	(0.61)	-	-	(92.01)
Provision for employee benefits	(2.37)	(0.17)	-	-	(2.54)
Disallowance u/s 43B of the Income-tax Act, 1961	-	-	-	-	-
Others	(2.98)	(0.47)	-	-	(3.45)
Carry forward losses and unabsorbed depreciation	(418.02)	48.61	-	-	(369.41)

Particulars	Balance as at 31 March 2021	Accounted through statement of profit and loss Charge/(credit)	Accounted through OCI Charge/(credit)	Accounted through other equity Charge/(credit)	Balance as at 31 March 2022
Deferred tax liability:					
Property, plant and equipment	61.86	59.19	-	-	121.05
Intangible assets including Goodwill	120.71	(0.02)	-	-	120.69
Compulsorily Convertible Debentures	359.04	(86.60)	-	-	272.44
Recognition of liabilities at fair value	0.95	(0.37)	-	-	0.58
Deferred tax assets:					
Borrowings	(89.15)	(2.25)	-	-	(91.40)
Provision for employee benefits	(2.55)	(1.42)	1.61	-	(2.37)
Disallowance u/s 43B of the Income-tax Act, 1961	-	-	-	-	-
Others	(0.62)	(2.36)	-	-	(2.98)
Carry forward losses and unabsorbed depreciation	(210.63)	(207.39)	-	-	(418.02)
	239.61	(241.22)	1.61	-	-

(i) Deferred tax assets have been recognised based on an evaluation of whether it is probable that taxable profits will be earned in future accounting periods considering all the available evidences, including approved budgets and forecasts by the Board of Directors.

(ii) Deferred tax assets have not been recognised in respect of tax losses of Rs. 292.57 million (31 March 2022: Rs. 251.32 million) as its recovery is not considered probable in the foreseeable future. Such losses relate to the business of the Company.

(iii) Tax losses in respect of which deferred tax asset has not been recognised, expire unutilised based on the year of origination as below

Expiry periods	As at 31 March 2023 (INR Mn)	As at 31 March 2022 (INR Mn)
Within four years	-	-
Later than four years but less than eight years	(1,338.22)	(1,335.22)
No expiry	-	-



35 Contingent liabilities and commitments

(a) Contingent liabilities

Particulars	31 March 2023	31 March 2022
Claims against the Company not acknowledged as debts (Refer note (i) below)	2,828.10	2,724.81
Disputed statutory liabilities (refer note (ii) below)	8.08	98.44
	<u>2,836.17</u>	<u>2,823.25</u>

Notes:

(i) The breakup of claims against the Company not acknowledged as debts is as under:

Particulars	31 March 2023	31 March 2022
FAR - New Delhi Municipal Council ("NDMC") (Refer note (a) below)	2,825.23	2,722.12
Proceeding under The Minimum Wages Act, 1948 (Refer note (b) below)	1.08	1.08
Proceedings for non-refund of amount on cancellation of booking (Refer note (c) below)	1.79	1.61
	<u>2,828.10</u>	<u>2,724.81</u>

(a) HLN Limited against the demand of Rs. 1,527.49 millions towards FAR charges deposited only Rs. 954.66 millions and the balance amount of Rs. 572.81 millions was disputed. HLN Limited filed a writ petition before the Delhi High Court, inter alia for setting aside/publishing the final recovery notice praying that the Delhi hotel be classified as falling in the South Zone for the purpose of payment of charges for additional FAR and for grant of 25% concession of Zonal Average Auction Rate ("ZAAAR"). The matter is pending before the Court.

(b) In the complaint under the Minimum Wages Act, 1948 the order was issued against HLN Limited in September 2015 directing to pay Rs. 1.08 millions. The order was challenged by HLN Limited before Hon'ble High Court of judicature at Delhi. The matter is pending before the High Court.

(c) In the recovery proceedings filed for non refund of amount on cancellation of booking by a customer against HLN Limited, praying for a decree for a sum of Rs 1.25 millions and future interest thereupon at the rate of 12% per annum, from the date of the filing of the present suit till it's realization. The matter has been adjourned for filing of reply and arguments under application under Order 1 Rule 10 of the CPC and for filing of rejoinder.

(ii) The breakup of disputed statutory liabilities is as under:

Particulars	31 March 2023	31 March 2022
Company in appeal	-	90.91
Property tax *	-	-
Department In appeal	8.08	7.53
Service tax **	<u>8.08</u>	<u>98.44</u>

* The said disputed liability relates to the period from 15 October 2006 to 23 December 2010 when the hotel was under construction and the land was treated as vacant. NDMC demanded property tax of Rs. 200.50 millions, against which HLN Limited deposited Rs. 37.20 millions on self assessment basis approved by the high capital value adopted by NDMC and denial of vacancy remission of property tax. HLN Limited filed a writ petition before Hon'ble High Court of judicature at Delhi in 2010. The matter is sub-judicate in Hon'ble High Court. Further the rebate availed in subsequent years are being added back as amount by NDMC and have been included in contingent liability. During the year, Company has paid Rs. 90.91 millions against this liability and the case has been withdrawn.

** Service tax department has levied service tax on complimentary services during the period from July 2012 to March 2015. The matter is currently pending before CIT/ST. Against this Rs.0.20 millions is paid under protest.

(b) Commitments

Estimated amount of contracts remaining to be executed and not provided for (net of advances) amounts to Rs. 0.48 millions (Previous year: Rs 33.30 millions)



SCHLOSS CHANAKYA PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2023 (Continued)

36 Related party disclosures

(a) Names of related parties

- (i) **Ultimate holding company**
BSREP III India Ballet Pte. Ltd.
- (ii) **Holding company**
BSREP III India Ballet I Pte. Ltd.
- (iii) **Fellow subsidiaries**
Schloss HMA Private Limited (Till 30 March 2022)
Schloss Bangalore Private Limited (Till 30 March 2022)
Schloss Chennai Private Limited (Till 30 March 2022)
Schloss Udaipur Private Limited (Till 31 March 2022)
Schloss Gandhinagar Private Limited (Till 30 March 2022)
Leela Palaces and Resorts Limited (Till 30 March 2022)
- (iv) **Key managerial personnel**
Mr. Louis Sailer, General Manager (Till 13 August 2020)
Mr. Anupam Das Gupta, General Manager (w.e.f 11 January 2021)
Mr. K. M. Bansal, Financial Controller (Till 12 October 2021)
Mr. Vijaypal Singh, Financial Controller (w.e.f 1 November 2021 till 9 December 2022)
Mr. Prem Pareek (w.e.f 1 December 2022)
Ms. Anuja Dubey (Till 10 March 2023)
- (v) **Other related parties**
Tulsi Palace Resort Private Limited (w.e.f 3 May 2021)
Schloss HMA Private Limited (w.e.f 31 March 2022)
Schloss Bangalore Private Limited (w.e.f 31 March 2022)
Schloss Chennai Private Limited (w.e.f 31 March 2022)
Schloss Udaipur Private Limited (w.e.f 31 March 2022)
Schloss Gandhinagar Private Limited (w.e.f 31 March 2022)
Leela Palaces and Resorts Limited (w.e.f 31 March 2022)
Moonburg Power Private Limited (w.e.f 29 March 2023)
Schloss Tadoba Private Limited (w.e.f. 16 August 2022)

(b) Transactions during the year/period

Particulars	<i>(Rupees in millions)</i>	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Management fees expense		
Schloss HMA Private Limited	146.21	53.99
Reimbursement of expenses paid to / (received from)		
Schloss HMA Private Limited	19.37	8.08
Schloss Bangalore Private Limited	0.24	0.14
Schloss Udaipur Private Limited	8.31	-0.28
Schloss Chennai Private Limited	11.78	-1.02
Schloss Gandhinagar Private Limited	-0.05	-0.35
Tulsi Palace Resort Private Limited	4.38	-0.06
Interest income on capex limit utilisation (refer note 15A)		
Schloss Chennai Private Limited	8.22	-
Schloss Udaipur Private Limited	2.37	-
Interest on 10.50% unsecured compulsorily convertible debentures		
BSREP III India Ballet I Pte. Ltd.	613.03	562.80
Inter corporate deposit given		
Schloss Bangalore Private Limited	-	195.00
Schloss HMA Private Limited	600.00	-
Inter corporate deposit received		
Schloss Udaipur Private Limited	-	145.00
Schloss Chennai Private Limited	-	117.00
Schloss HMA Private Limited	-	185.00
Inter corporate deposit settlement		
Schloss Udaipur Private Limited	-	145.00
Schloss Bangalore Private Limited	117.94	77.06
Schloss Chennai Private Limited	-	117.00
Schloss HMA Private Limited	-	185.00
Interest expense/(income) on inter corporate deposit		
Schloss Udaipur Private Limited	-	9.21
Schloss Chennai Private Limited	-	10.76
Schloss HMA Private Limited	(0.21)	13.29
Schloss Bangalore Private Limited	(9.29)	(1.99)
Managerial remuneration *		
Mr. K. M. Bansal	-	3.96
Mr. Anupam Das Gupta	16.08	11.91
Mr. Vijaypal Singh	2.09	0.92
Mr. Prem Pareek	1.20	-
Ms. Anuja Dubey**	0.90	-

* Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.

** The financial statements have not been authenticated by a whole time secretary as required under Section 134 of the Act. The Company's whole time secretary left the organization w.e.f. 10 March 2023 and the Company is currently in the process of appointing a whole time secretary as required under Section 203 the Act.



36 Related party disclosures (Continued)

(Rupees in millions)

Particulars	31 March 2023	31 March 2022
Trade payables (Including accruals)		
Schloss HMA Private Limited	142.14	67.13
Schloss Chennai Private Limited	-	0.01
Schloss Bangalore Private Limited	0.28	0.14
Schloss Udatipur Private Limited	5.01	-
Trade receivable		
Schloss Gandhinagar Private Limited	0.12	0.22
Schloss Chennai Private Limited	0.90	
Reimbursement (receivable)/payable		
Schloss HMA Private Limited	(15.77)	(6.02)
Tulsi Palace Resort Private Limited	(1.67)	(0.01)
Inter corporate deposit given		
Schloss Bangalore Private Limited	-	117.94
Schloss HMA Private Limited	600.00	-
Interest Receivable on Inter corporate deposit		
Schloss Bangalore Private Limited	-	0.55
Schloss HMA Private Limited	0.18	-
Interest accrued but not due on 10.50% unsecured compulsorily convertible debentures		
BSREP III India Ballet I Pte. Ltd.	999.46	478.38
10.50% unsecured compulsorily convertible debentures (at Instrument's issue value)		
BSREP III India Ballet I Pte. Ltd.	5,360.00	5,360.00

(d) Corporate guarantee

Company's fellow subsidiaries i.e. Schloss HMA Private Limited and Leela Palaces and Resorts Limited and the ultimate holding company i.e. BSREP III India Ballet Pte Ltd. have given corporate guarantee and fellow subsidiaries also created charge over their total assets for the term loan facility availed by the company.

(e) Management believes the Company's transactions with related parties are at arms length.



Ratio Analysis	Numerator	Denominator	31 March 2023	31 March 2022	% Change	Reason for
Current Ratio	Current Assets	Current Liabilities excluding current maturities of long-term borrowings	2.46	2.88	-14.40%	Reduction in current ratio is primarily on account of reduction in cash and cash equivalents due to use for operational purposes.
Debt Equity Ratio	Non - Current Borrowings + Current Borrowings	Total Equity	4.58	3.79	20.67%	Increase in debt equity ratio is primarily on account of (i) Increase in debt on account of new debt drawdown and increase in liability component of CCD; and (ii) Reduction in equity on account of business losses during the year.
Debt Service Coverage Ratio	Profit before Tax + Interest (Net) + Depreciation and amortisation expenses	Interest (Net) + Lease Payments + Principal Repayment of long-term Debt	0.86	0.50	71.51%	Increase in debt service coverage ratio is primarily on account of better EBITDA in current year.
Return on Equity Ratio	Net Profit after taxes	Average Total Equity	-0.17	-0.23	-27.95%	Reduction in return on equity ratio is primarily on account of (i) higher profits in previous year on account of recognition of gain on modification of CCD terms; and (ii) Reduction in equity on account of losses during the year
Inventory Turnover Ratio	Cost of Goods sold	Average Inventory	2.78	1.89	47.23%	Increase in inventory turnover ratio is on account of increase in Cost of goods sold due to increase in business.
Trade Receivables Turnover Ratio	Revenue from operations	Average Trade Receivables	32.08	37.95	-15.48%	Reduction in Trade Receivables turnover ratio is primarily on account of higher receivables vs last year
Trade Payables Turnover Ratio	Net Purchases	Average Trade Payables	0.86	0.78	9.91%	Increase in Trade Payables Turnover Ratio is primarily on account of increase in purchases due to increase in business
Net Capital Turnover Ratio	Net Sales	Average Working Capital i.e. Average Current Assets - Average Current Liabilities	2.64	2.65	-0.18%	No material change
Net Profit Ratio	Net Profit after tax	Net Sales	-0.27	-0.98	72.07%	Increase in Net profit ratio is primarily on account of increase in revenue and profitability of current year
Return on Capital Employed	EBIT	Capital Employed	-0.02	-0.04	-52.00%	Increase in return on capital employed is primarily on account of increase in profitability for current year



* The Company has not presented the following ratios due to the reasons given below:
a. Return on investments, since the Company does not holds any funds/investment



38 Transaction with Struck off Companies

The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

39 Information with regard to other matters specified in Schedule III of the Act:

- i) As on March 31, 2023 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.
- ii) The Company do not have any charges or satisfaction, which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- iv) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- v) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- vi) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in (vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

40 The figures for the previous year are re-arranged/ re-grouped, wherever necessary. As per our report of even date attached

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



Jaymin Sheth
Partner

Membership Number: 114583

Place: Mumbai

Date: 28 September 2023

For and on behalf of the board of directors of
Schloss Chanakya Private Limited
CIN: U55100DL2019PTC347362



Veerbhoshhi
Director

DIN: 08740006

Place: Mumbai

Date: 28 September 2023



Sougata Kundu

Director

DIN: 07091941

Place: Mumbai

Date: 28 September 2023

