

DRAFT INDEPENDENT AUDITORS' REPORT

**To,
The Members of
Pallazzo Hotels & Leisure Limited**

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Pallazzo Hotels & Leisure Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (together referred to as Ind AS financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2021, and its losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matter to be communicated in our report.

Information Other than the Ind AS financial statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises of Board of Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to adequacy of internal financial controls system over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II; and
- g) The Company has not paid or provided any managerial remuneration. Hence, reporting under section 197(16) of the Act is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 27.1(b) and 37 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No: 116560W / W100149

Prashant Daftary
Partner
Membership No.117080
UDIN:

Place: Mumbai
Date:

Pallazzo Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2021

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

1. In respect of fixed assets:

- (i) The Company has maintained proper records substantially showing full particulars, including quantitative details and situation of fixed assets, except in respect of certain items of furniture & fixtures and plant & machinery at Hotel. As explained to us, the Company is in the process of updating the required details in the fixed asset register. The said matter related to updating details under progress was also reported in the FY 2018-19 and FY 2019-20 in para 1(i) of Annexure I to Independent Auditor's Report dated 14th May 2019 and 26th June 2020 respectively.
- (ii) The Company has a phased programme for physical verification of fixed assets at hotel designed to cover all the items at-least once over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. However, during the year on account of the mandatory lockdown due to covid -19 for part of the year and other such reasons, the said physical verification was not conducted. Considering the same, we are unable to comment on the material discrepancies under (i) (b) of paragraph 3 of the Order. Further the reconciliation exercise in respect of physical verification of assets which in progress as at the end of previous year for certain items of furniture and fixture and plant & machinery is also yet to be completed.

In respect of other assets at the head office, on account of the mandatory lockdown due to Covid-19 pandemic, the said physical verification was not conducted. Considering the same, we are unable to comment on the material discrepancies. In our opinion, this periodicity of physical verification at head office is reasonable having regard to the size of the Company and the nature of its assets.

- (iii) As stated in note 5.1 of the Ind AS financial statements, during the year, conveyance and transfer formalities of the land development rights purchased from the holding company on which the hotel building is constructed have been completed and the same have been transferred in the name of the Company. On account of the lockdown due to Covid-19 pandemic, we have relied on photocopies of title deeds and conveyance documents for above reporting.
2. The inventories have been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Therefore, the requirements of clause (iii) (a) to (iii) (c) of paragraph 3 of the Order are not applicable to the Company.
 4. During the year, the Company has not granted any loans or made any investments or provided any guarantees or securities covered under section 185 and section 186 of the Act. Therefore, question of ensuring compliance with section 185 and 186 of the Act does not arise.
 5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and rules framed there under. We are informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

Pallazzo Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2021

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

6. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act for Hotel / Hospitality sector of the Company. Accordingly, clause (vi) of paragraph 3 the Order is not applicable to the Company.
7. (i) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Duty of Custom, Value Added Tax, Cess and any other material statutory dues, as applicable to the Company, during the year with the appropriate authorities except few delays in payment of Provident Fund, Employees State Insurance Scheme, Tax Deduction at Source and Goods and Services Tax. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March 2021 for a period of more than six months from the date they became payable.
- (ii) According to the records of the Company and information and explanations given to us, there are no disputed dues of Income Tax, Sales Tax, Goods and Services Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any dispute except as mentioned below:

Name of statute	Nature of Dues	Period to which it relates	Rs. in lakhs	Forum where dispute is pending
Income Tax Act, 1961	Income tax and interest & penalty thereon	April 11 to March 12	7.98*	Commissioner of Income Tax (Appeal) (Refer note 37(a) of financial statements)
Income Tax Act, 1961	Income tax and interest & penalty thereon	April 16 to March 17	16.97	Assistant Commissioner of Income Tax (Refer note 37(a) of financial statements)
Maharashtra Tax on Luxuries Act, 1987	Luxury tax and interest & penalty thereon	April 13 to March 14	34.59**	Joint Commissioner of Sales Tax (Appeals) (Refer note 37(c.) of financial statements)

* Net of Rs. 2 lakhs paid under protest

** Net of Rs. 10 lakhs paid under protest

Pallazzo Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2021

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

8. Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from financial institution / government.

During the year, Compulsory Convertible Debentures (CCDs) are not due for conversion. Further, coupon rate equivalent to dividend rate would be payable to CCD holders in case of declaration of dividend to equity shareholders, however, during the year the Company has not declared any dividend to equity shareholders. In respect of Optionally Fully Convertible Debentures (OFCD), considering the terms of issue, no coupon is due. Considering these, the question of default does not arise in respect of amount due to debenture holders.

Also, during the year, the Company has also made repayment to debenture holders for amount payable towards Optionally Convertible Debentures (OCD).

9. During the year, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purpose for which they were obtained / agreed as otherwise.
10. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.
11. According to the information and explanation given to us and based on our examination of the records, the Company has not paid / provided for managerial remuneration. Therefore, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.
12. The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
13. According to the information and explanation given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS – refer note 39 to the financial statements.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of the Act does not arise.
15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xvi) of paragraph 3 of the Order are not applicable to the Company.

Pallazio Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2021
[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **N. A. Shah Associates LLP**

Chartered Accountants

Firm Registration No: 116560W / W100149

Prashant Daftary

Partner

Membership No: 117080

UDIN:

Place: Mumbai

Date:

Pallazzio Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Balance Sheet as at 31st March 2021

		(Rs. In Lakhs)	
Particulars	Note no.	As at 31st March 2021	As at 31st March 2020
ASSETS			
1 Non-current assets			
a) Property, plant and equipment	5	82,477.90	89,006.41
b) Capital work-in-progress	6	8.29	-
c) Other intangible assets	7	29.85	11.17
d) Financial assets			
i) Investment	8	6.05	6.05
ii) Other financial assets	9	2,351.58	2,754.53
e) Deferred tax assets (net)	10	-	-
f) Other non-current assets	11	5,082.07	4,748.83
(A)		89,955.74	96,526.99
2 Current assets			
a) Inventories	12	306.50	434.57
b) Financial assets			
i) Trade receivables	13	788.55	1,469.52
ii) Cash and cash equivalents	14	281.57	525.48
iv) Other financial assets	15	3,433.49	893.77
c) Other current assets	16	914.49	264.49
(B)		5,724.60	3,587.83
TOTAL (A + B)		95,680.34	1,00,114.82
EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	17	1,200.00	1,200.00
b) Other equity	18	23,145.64	35,618.27
(A)		24,345.64	36,818.27
2 Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	19	45,809.94	42,354.10
ii) Other financial liabilities	20	-	36.50
b) Provisions	21	152.39	154.02
c) Other non-current liabilities	22	272.00	338.28
(B)		46,234.33	42,882.90
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	23	4,600.57	1,861.00
ii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		61.41	53.84
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,657.86	2,046.82
iii) Other financial liabilities	25	4,158.35	2,728.48
b) Other current liabilities	26	6,333.31	7,421.79
c) Provisions	27	7,288.87	6,301.72
(C)		25,100.37	20,413.65
TOTAL (A+B+C)		95,680.34	1,00,114.82
Notes	1 to 53		

The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

**For and on behalf of the Board of Directors of
Pallazzio Hotels & Leisure Limited**

Prashant Daftary
Partner
Membership No. : 117080

Varun Parwal
Director
DIN:07586435

Shishir Shrivastava
Director
DIN:01266095

Prashant Khandelwal
Chief Financial Officer

Revati Nair
Company Secretary
M. No. A64743

Place: Mumbai
Date: 27th May, 2021

Place: Mumbai
Date: 27th May, 2021

Pallazzo Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Statement of Profit and Loss for the year ended 31st March 2021

(Rs. In Lakhs)

Particulars	Note no.	For the year ended 31st March 2021	For the year ended 31st March 2020
Revenue from operations	28	6,528.16	30,890.01
Other income	29	2,718.53	242.84
Total revenue		9,246.69	31,132.85
Food and beverages consumed	30	904.04	3,501.96
Other operating cost	31	2,763.57	7,909.21
Personnel expenses	32	2,461.71	4,304.45
Selling and marketing expenses	33	365.22	1,256.28
Administrative and other expenses	34	1,896.26	2,594.26
		8,390.80	19,566.16
Profit before finance costs, depreciation, exceptional items and tax		855.89	11,566.69
Finance costs	35	3,988.15	4,668.74
Depreciation and Amortization expense	5 & 7	4,781.37	5,312.14
		8,769.52	9,980.88
Profit/(Loss) before exceptional items and tax		(7,913.63)	1,585.81
Add / (Less):- Exceptional Items		-	-
Profit/(Loss) before tax		(7,913.63)	1,585.81
Tax expense:			
- Deferred tax credit / (charge)	10	-	(363.64)
Profit/(Loss) after tax		(7,913.63)	1,222.17
Other comprehensive income			
(A)(i) Items that will not be reclassified to profit or loss	40	37.63	71.27
(A)(ii) Income tax relating to item that will not be reclassified to profit or loss		-	(17.94)
(B)(i) Items that will be reclassified to profit or loss		-	-
(B)(ii) Income tax relating to item that will be reclassified to profit or loss		-	-
Total comprehensive income/(loss) for the year		(7,876.00)	1,275.50
Basic and diluted earnings per share	44		
Basic earnings / (loss) per share		(148.78)	22.98
Diluted earnings / (loss) per share		(148.78)	13.39
Notes	1 to 53		

The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

For and on behalf of the Board of Directors of
Pallazzo Hotels & Leisure Limited

Prashant Daftary
Partner
Membership No. : 117080

Varun Parwal
Director
DIN:07586435

Shishir Shrivastava
Director
DIN:01266095

Prashant Khandelwal
Chief Financial Officer

Revati Nair
Company Secretary
M. No. A64743

Place: Mumbai
Date: 27th May, 2021

Place: Mumbai
Date: 27th May, 2021

Pallazzo Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Cash Flow Statement for the year ended 31st March 2021

		(Rs. In Lakhs)	
Particulars	Note	Year ended 31st March 2021	Year ended 31st March 2020
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		(7,913.63)	1,585.81
Adjustments for:			
Depreciation / Amortization		4,781.37	5,312.14
Finance costs (excluding credit card commission)		3,944.16	4,389.01
Dividend income		-	(0.53)
Interest income		(164.71)	(203.52)
Allowance for doubtful debts (net of write back)		119.77	46.45
Employee stock option expenses		3.37	5.73
(Profit)/Loss on sale / discard of property, plant and equipment (net)		(2,503.96)	3.62
Unrealised foreign exchange fluctuation loss / (gain)		(28.58)	47.09
Operating profit / (loss) before Working Capital Changes		(1,762.21)	11,185.80
Adjustments for:			
Trade receivable, inventories, other current and non current assets		488.75	(651.24)
Trade payable, other current and non current liabilities / provisions		(0.12)	211.59
Less : Tax (paid) / refund (including withholding tax and interest on income tax refund) (net of refund)		485.76	331.27
Net Cash Flow generated from / (used in) Operating Activities	A	(787.82)	11,077.42
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment & intangible assets (including advances and net of creditors)		(1,294.99)	(555.65)
Sale of property, plant and equipment		3,389.84	11.11
Interest received		84.10	92.84
Income taxes (paid) / refund [including withholding tax] on interest		7.17	38.58
Investments in National Saving Certificate		-	(0.10)
Dividend income		-	0.53
Fixed deposits (under lien) made		-	(1,364.05)
Fixed deposits (under lien) matured		3.33	188.48
Net Cash generated from / (used in) Investing Activities	B	2,189.45	(1,588.26)
C CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost		(4,231.97)	(4,178.37)
Secured loan taken		21,368.85	40,376.01
Secured loan repaid		(14,422.42)	(45,765.09)
Redemption of Optionally Convertible Debentures (OCD)		(4,600.00)	-
Unsecured loan repaid		(2,480.00)	-
Unsecured loan taken		2,720.00	-
Net Cash generated from / (used in) Financing Activities	C	(1,645.54)	(9,567.45)
Net Increase / (Decrease) in Cash and Cash equivalents (A+ B+C)		(243.91)	(78.29)
Cash and Cash equivalents at beginning of the year		525.48	603.75
Cash and Cash equivalents at end of the year		281.57	525.48
Add: Difference due to realignment of foreign currency on hand		-	(0.02)
Net Increase / (Decrease) in Cash and Cash equivalents		(243.91)	(78.29)

Notes

1 to 53

The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No: 116560W

**For and on behalf of the Board of Directors of
Pallazzo Hotels & Leisure Limited**

Prashant Daftary
Partner
Membership No. : 117080

Varun Parwal
Director
DIN:07586435

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Director
DIN:01266095

Prashant Khandelwal
Chief Financial Officer

Revati Nair
Company Secretary
M. No. A64743

Place: Mumbai
Date: 27th May, 2021

Place: Mumbai
Date: 27th May, 2021

Statement of changes in equity for the year ended 31st March 2021

(a) Equity share capital

(Rs. In Lakhs)				
As at 1st April 2019	Changes in equity share capital during the year	As at 31st March 2020	Changes in equity share capital during the year	As at 31st March 2021
1,200.00	-	1,200.00	-	1,200.00

Also Refer note 17

(b) Other equity

Particulars	Compulsory Convertible Debentures (Also refer note 18.1 (c) to (h))	Optionally Convertible Debentures (Also refer note 18.1(a))	Optionally Fully Convertible Debentures (Also refer note 18.1(b))	Reserves and Surplus				Items of Other Comprehensive Income	Total Other Equity
				Retained earning (Also refer note 18.2(a) and 43)	Replacement reserve fund (Also refer note 18.2(c))	Share option outstanding (Also refer note 42 & note 18.2(d))	Security Premium (Also refer note 18.2(b))		
							Remeasurement of net defined benefit plan		
Balance as at 1st April, 2019	4,118.92	4,600.00	21,980.91	(40,475.13)	1,723.64	21.63	42,303.19	63.88	34,337.04
Profit / (loss) for the year	-	-	-	1,222.17	-	-	-	-	1,222.17
Employee stock option expenses	-	-	-	-	-	5.73	-	-	5.73
Remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	-	71.27	71.27
Effect of tax on remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	-	(17.94)	(17.94)
Transferred to replacement reserve fund	-	-	-	(1,117.60)	-	-	-	-	(1,117.60)
Transferred from replacement reserve fund to the extent of utilization	-	-	-	354.03	-	-	-	-	354.03
Utilization from replacement reserve fund	-	-	-	-	(354.03)	-	-	-	(354.03)
Transferred from retained earning	-	-	-	-	1,117.60	-	-	-	1,117.60
Balance as at 31st March 2020	4,118.92	4,600.00	21,980.91	(40,016.53)	2,487.21	27.36	42,303.19	117.21	35,618.27
Profit / (loss) for the year	-	-	-	(7,913.63)	-	-	-	-	(7,913.63)
Employee stock option expenses	-	-	-	-	-	3.37	-	-	3.37
Remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	-	37.63	37.63
Effect of tax on remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	-	-	-
Redeemed during the year	-	(4,600.00)	-	-	-	-	-	-	(4,600.00)
Transferred to replacement reserve fund	-	-	-	-	-	-	-	-	-
Transferred from replacement reserve fund to the extent of utilization	-	-	-	83.84	-	-	-	-	83.84
Utilization from replacement reserve fund	-	-	-	-	(83.84)	-	-	-	(83.84)
Transferred from retained earning	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	4,118.92	-	21,980.91	(47,846.32)	2,403.37	30.73	42,303.19	154.84	23,145.64

Also refer note 18.1 and 18.2

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W

For and on behalf of the Board of Directors of
Pallazzo Hotels & Leisure Limited

Prashant Daftary
Partner
Membership No. : 117080

Varun Parwal
Director
DIN:07586435

Shishir Shrivastava
Director
DIN:01266095

Prashant Khandelwal
Chief Financial Officer

Revati Nair
Company Secretary
M. No. A64743

Place: Mumbai
Date: 27th May, 2021

Place: Mumbai
Date: 27th May, 2021

Pallazzo Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

5 Property, plant and equipment

(Rs. In Lakhs)

Particulars	Land / FSI / Development Rights (Refer note 5.1 and 5.2)	Buildings	Plant & Machinery	Furniture & Fixtures	Computers	High End Operating Supplies	Vehicles	Total
Gross block :								
As at 1st April 2019	32,110.50	51,365.44	15,901.33	14,137.46	462.10	439.72	319.48	1,14,736.03
Addition	-	-	245.78	190.31	121.85	-	-	557.94
Adjustments/Deletions	-	-	14.51	13.56	13.80	-	29.97	71.84
As at 31st March 2020	32,110.50	51,365.44	16,132.60	14,314.21	570.15	439.72	289.51	1,15,222.13
Addition	480.00	1,520.00	63.66	9.04	30.92	-	-	2,103.62
Adjustments/Deletions	-	4,284.22	19.11	389.69	-	-	-	4,693.02
As at 31st March 2021	32,590.50	48,601.22	16,177.15	13,933.56	601.07	439.72	289.51	1,12,632.73
Accumulated depreciation:								
As at 1st April 2019	-	6,982.20	4,808.46	8,367.55	280.37	431.71	106.15	20,976.44
Depreciation charge for the year	-	1,793.39	1,222.30	2,148.60	82.14	8.01	40.54	5,294.98
Deductions / Adjustments	-	-	4.54	10.38	13.11	-	27.68	55.71
As at 31st March 2020	-	8,775.59	6,026.22	10,505.77	349.40	439.72	119.01	26,215.71
Depreciation charge for the year	-	1,788.60	1,225.56	1,622.61	93.93	-	40.16	4,770.86
Deductions / Adjustments	-	547.82	5.90	278.02	-	-	-	831.74
As at 31st March 2021	-	10,016.37	7,245.88	11,850.36	443.33	439.72	159.17	30,154.83
Net book value								
As at 31st March 2020	32,110.50	42,589.85	10,106.38	3,808.44	220.75	-	170.50	89,006.42
As at 31st March 2021	32,590.50	38,584.85	8,931.27	2,083.20	157.74	-	130.34	82,477.90

5.1 The Company had purchased land development rights from its holding company, The Phoenix Mills Limited [PML]. As per the terms of the agreement dated 30th March 2007, after completion of hotel structure but not before expiry of three years from the date of execution of this agreement, PML shall convey and transfer undivided right, title and interest in the land which bears the same proportion to the total interest in the land as the FSI utilized by executing a deed of conveyance.

During the year, the Company has paid stamp duty of Rs. 480 lakhs for execution of conveyance deed in the name of the Company and accordingly, stamp duty paid has been capitalized under the head 'Land/FSI/Development Rights'. Also refer note 19.1.1 for details of assets pledged with lenders.

5.2 Land/FSI/Development Rights include Rs 92 Lakhs paid for right of way to slum dwellers.

5.3 For disclosure related to asset given on operating lease refer note 41(a).

5.4 Reconciliation of depreciation and amortization expenses with statement of profit and loss:

Particulars	(Rs. in lakhs)	
	2020-21	2019-20
Depreciation expenses as above on property, plant & equipment	4,770.86	5,294.98
Amortization expenses (Refer note 7)	10.52	17.24
Total	4,781.38	5,312.22
Less: Reversal of depreciation due to return of furniture & fixtures of Rs. Nil (Previous year: Rs. 1.48 lakhs)	-	(0.08)
Amount debited to statement of profit and loss	4,781.38	5,312.14

5.5 Refer note 19.1 for assets given as security for availing loan from lenders.

(Rs. in lakhs)

6	Movement in capital work in progress	
	Capital Work in Progress (CWIP) as on 1st April 2019	45.28
	Less: Capitalised during the year Plant & Machinery (Electrical Equipment)	- (45.28)
	Closing capital work in progress as on 31st March 2020	-
	Add: Additions during the year Plant & Machinery (Electrical Equipment)	8.29
	Closing capital work in progress as on 31st March 2021	8.29

		(Rs. in lakhs)
7	Other Intangible Assets	Computer software (acquired)
	Gross block :	
	As at 1st April 2019	210.48
	Addition	-
	Adjustments/Deletions	-
	As at 31st March 2020	210.48
	Addition	29.20
	Adjustments/Deletions	-
	As at 31st March 2021	239.68
	Accumulated amortisation:	
	As at 1st April 2019	182.07
	Depreciation charge for the year	17.24
	Deductions / Adjustments	-
	As at 31st March 2020	199.31
	Depreciation charge for the period	10.51
	Deductions / Adjustments	-
	As at 31st March 2021	209.82
	Net book value	
	As at 31st March 2020	11.17
	As at 31st March 2021	29.85

7.1 Balance useful life of Intangible assets:

Useful Life	As at 31st March 2021	As at 31st March 2020
Software	Ranging from 0-5 Years	Ranging from 0-4 Years

		(Rs. in lakhs)	
8	Non-current financial assets - Investments	As at 31st March 2021	As at 31st March 2020
	Long-term non-trade investment (Unquoted investment)		
	Investment in Equity Instruments 2,500 (Previous year: 2500) Equity shares of Rs. 10 each in The Saraswat Co-Operative Bank Limited	0.25	0.25
	Investment in Preference Shares 50,000 (Previous year: 50,000) 10.50% Perpetual Non-cumulative Preference shares of Rs. 10 each in The Saraswat Co-Operative Bank Limited	5.00	5.00
	Investment in government securities National Saving Certificate - NSC [under lien with State Excise Authorities]	0.80	0.80
	Total	6.05	6.05
	Aggregate cost of unquoted investments	6.05	6.05
	Aggregate amount of impairment in value of investments	-	-

8.1 Investment in National Savings Certificates of Rs. 0.80 Lakhs (Previous year: Rs. 0.80 Lakhs) is held in the name of the Company's Director.

		(Rs. in lakhs)	
9	Non-current financial assets - Other assets	As at 31st March 2021	As at 31st March 2020
	Bank deposit maturing after one year (under lien) (Refer note 9.1)	1,635.28	1,611.66
	Security deposit	75.45	93.91
	Export benefits receivable (Refer note 9.2 and 9.3)	640.85	1,048.96
	Total	2,351.58	2,754.53

Pallazzo Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

- 9.1 Lien given for EPCG license, liquor license and bank guarantee given to pollution control board & electricity distribution company. Further, it also includes fixed deposits given to bank for debt service reserve account against financial facility availed from banks.
- 9.2 The Company is in process of filing application for export benefits of Rs. 355.38 lakhs pertaining to FY 2019-20.
- 9.3 As the Company is rightfully entitled to export benefits, the same is classified as financial asset in accordance with ITFG clarification issued by the Institute

(Rs. in lakhs)		
10 Deferred tax assets (net)	As at 31st March 2021	As at 31st March 2020
Deferred tax assets:		
Unabsorbed tax losses and Carry forward depreciation	2,118.87	1,651.47
Unamortized key money income	1,372.89	1,397.40
Items covered under section 43B of Income Tax Act	852.53	677.57
Provision for doubtful debts	61.06	30.32
Others	16.96	14.21
Deferred tax liability:		
Depreciation / Amortization	4,422.31	3,770.97
Net deferred tax assets	-	-

- 10.1 As per Ind AS 12 - Income Taxes, deferred tax asset should be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. In the current year & in previous year, the Company has recognised deferred tax assets to the extent of deferred tax liability considering uncertainty related to taxable profit due to Covid-19 in near future against which unused tax losses can be utilised.
- 10.2 The Company is having (i) unused depreciation losses as on 31st March 2021 is Rs. 31,270.51 lakhs (Previous year: Rs. 27,160.30 lakhs) and these losses do not have any expiry date (ii) unused tax business losses as on 31st March 2021 is Rs. 18,717.00 lakhs (Previous year: Rs. 16,018.82 lakhs) and their expiry date varies from 1 to 8 years (Previous year 1 to 4 years) respectively.
- 10.3 Also refer note 44 for other disclosures related to tax reconciliation.

(Rs. in lakhs)		
11 Non-current assets - Other assets	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Capital advances	467.89	108.12
Advance for property tax (Paid under protest) (Refer note 27.1(b))	3,807.77	3,441.51
Others		
Advance taxes (Tax deducted at source)	720.69	1,153.01
Amount paid under protest (Refer note 37(a) and (c))	12.00	12.00
Prepaid Expenses	73.72	34.19
Unsecured, considered doubtful		
Capital advances	350.00	350.00
Less : Provision for doubtful advances	(350.00)	(350.00)
Total	5,082.07	4,748.83

(Rs. in lakhs)		
12 Current assets - Inventories (At lower of cost or net realizable value)	As at 31st March 2021	As at 31st March 2020
Food and Beverages	306.50	434.57
Stores and Operating Supplies	30.20	30.20
Less: Provision for obsolescence of Inventory	30.20	30.20
	-	-
Total	306.50	434.57

Also Refer note 19.1 for details of inventory pledged with lenders

(Rs. in lakhs)		
13 Current financial assets -Trade receivables	As at 31st March 2021	As at 31st March 2020
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	1,023.39	1,581.81
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
Total	1,023.39	1,581.81
Less: Allowance for doubtful trade receivables (including expected credit losses) (Refer note 46(b))	(234.84)	(112.29)
Net trade receivables	788.55	1,469.52

- 13.1 The Company follows simplified approach & the trade receivables do not contain significant financing component and accordingly the Company does not separately track changes in credit risk of trade receivables as the impairment amount represents "lifetime" expected credit loss. Accordingly, the disclosure as required by Schedule III, Division II as regards (a) Trade Receivables which have significant increase in credit risk & (b) Trade Receivables which are credit impaired is not required. However, as specified in accounting policy 3.6 (i)(d), in addition to collective pool assessment, the Company carried out individual assessment in respect of certain parties where the possibility of default in collection of trade receivable was high.

Particulars	As at 31st March 2021	As at 31st March 2020
The amount of trade receivables for which the Company has assessed credit risk on an individual basis	742.00	558.16
The amount of loss allowance recognised for such trade receivables	195.74	81.39

		(Rs. in lakhs)	
14	Current financial assets - Cash and cash equivalent	As at 31st March 2021	As at 31st March 2020
	Cash on hand	39.87	19.01
	Balances with bank - In current accounts	241.70	506.47
		281.57	525.48

		(Rs. in lakhs)	
15 Current assets - Other financial assets	As at 31st March 2021	As at 31st March 2020	
Unsecured, considered good			
Interest accrued on fixed deposits	6.82	13.78	
Security deposits (Refer note 41(b))	18.50	20.53	
Amount receivable against sale of Property, plant and equipment (Refer note 39)	2,975.40	-	
Unbilled revenue	438.16	867.62	
'Less: Allowance for doubtful unbilled revenue (including expected credit losses) (Refer note 46(b))	(5.39)	(8.16)	
	432.77	859.46	
Total	3,433.49	893.77	

		(Rs. in lakhs)	
16 Current assets - Other assets	As at 31st March 2021	As at 31st March 2020	
Other loans and advances			
- Advance to suppliers	150.53	39.83	
- Other advances	6.88	0.97	
Prepaid expenses	231.30	223.69	
Balance with Government authorities	525.78	-	
Total	914.49	264.49	

		(Rs. in lakhs)	
17 Share capital	As at 31st March 2021	As at 31st March 2020	
Authorized capital			
Equity share capital			
1,200,000 Equity Shares (Previous year: 1,200,000) of Rs. 100 each	1,200.00	1,200.00	
Total	1,200.00	1,200.00	

		(Rs. in lakhs)	
Issued, subscribed and paid-up capital	As at 31st March 2021	As at 31st March 2020	
Equity share capital			
1,200,000 Equity Shares (Previous year: 1,200,000) of Rs. 100 each	1,200.00	1,200.00	
Total	1,200.00	1,200.00	

17.1 Rights, preferences and restrictions of Equity Shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs.100/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, there are no preferential amounts inter se equity shareholders. The distribution will be in proportion to the number of equity shares held by the shareholders (After due adjustment in case shares are not fully paid up.) Also Refer note 18.1

17.2 The reconciliation of the number of equity shares outstanding and the amount of share capital is as follows :

Particulars	As at 31st March 2021		As at 31st March 2020	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning	12,00,000	12,00,00,000	12,00,000	12,00,00,000
Add: Shares issued during the year	-	-	-	-
Less: Bought back	-	-	-	-
Number of shares at the end	12,00,000	12,00,00,000	12,00,000	12,00,00,000

17.3 Details of shareholders holding more than 5 % shares in the Company:

Particulars	As at 31st March 2021		As at 31st March 2020	
	% of holding	No of Shares	% of holding	No of Shares
The Phoenix Mills Limited (PML)	100	12,00,000	100	12,00,000

* Of the above 12,00,000 shares, 7 shares are jointly held by PML with other parties.
In respect to the terms & conditions of instruments convertible into equity shares, refer Note 18.1

18 Other Equity

18.1 Terms of Securities convertible into Equity Shares

(a) **Optionally Convertible "Series J" Unsecured Debentures (OCD)**

In the FY 2018-19, pursuant to consent provided by the holders of zero coupon non-convertible fully redeemable non-transferable debentures series F (in aggregate holding NCD of Rs. 4,600 lakhs) & approved by the Board of Directors vide resolution dated 30th March 2019, the Non-Convertible debentures aggregating to Rs. 4,600 lakhs were converted into 0.0001% Optionally Convertible Debentures Series - J (OCD-series J) aggregating to Rs. 4,600 lakhs. As a result of this, the Company had issued 4,600,000 Optionally Convertible "Series J" Unsecured Debentures (OCD) of Rs 100 each to body corporate [including the holding company, Phoenix Mills Limited] at face value. As per the terms of OCD, in case of conversion, 1 OCD of Rs 100 each was to be converted into such number of Equity shares of Rs 100 each at a premium of Rs 732 per share. Further at the option of the Company, OCD could be redeemed within 10 years from the date of allotment in one or more tranches at a premium not exceeding Rs 10 per OCD. The OCDs carried coupon rate @0.0001% p.a. until the date of redemption or conversion in to equity shares and the same was payable at the option of the Company.

During the year, the Company has redeemed 4,600,000 Optionally Convertible "Series J" Unsecured Debentures (OCD) of Rs 100 each at face value.

OCD were convertible into fixed number of equity shares at fixed price and at the option of the Company and hence met the definition of equity based on the management intention / judgement that it would exercise the option of conversion and therefore were classified under Equity. Further refer note 2.4(v).

(b) **Optionally Fully Convertible "Series I" Unsecured Debentures (OFCD)**

The Company had issued 21,980,912 (Previous year: 21,980,912) Optionally Fully Convertible "Series I" Unsecured Debentures (OFCD) of Rs 100 each to body corporate [including the holding company, Phoenix Mills Limited] at face value. The Company has an option to convert OFCD into Equity shares of Rs. 100 at any time on or after 30th March 2017. In case of conversion, 1 OFCD of Rs 100 each will be converted into such number of Equity shares of Rs 100 each at a premium of Rs 575 per share. Further at the option of the Company, OFCD may be redeemed within 10 years from the date of allotment in one or more tranches at a premium not exceeding Rs 10 per OFCD. The OFCDs carries coupon rate @4% which will accrue only at the time of redemption & it will be payable at the time of redemption of the instrument by the Company.

OFCD are convertible into fixed number of equity shares at fixed price and at the option of the Company and hence meet the definition of equity based on the management intention / judgement that it would exercise the option of conversion. Further refer note 2.4(v).

(c) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series H"**

The Company had issued 842,969 Non Cumulative Unsecured Compulsory Convertible Debentures "Series H" of face value of Rs. 100 each at a premium of Rs. 1,240.50 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 14th July 2016. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. In the event investors do not convert the debentures prior to 13th July 2018, each debenture will compulsorily be converted into one equity share of the Company on 14th July 2018.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(d) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series D"**

The Company had issued 407,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of Rs. 100 each at a premium of Rs. 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April, 2016. The debenture shall carry zero coupon till 31st March, 2016 and for the period of non conversion after 31st March, 2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. At the end of the 7th year from the date of the issue, each debenture will compulsorily be converted into one equity share of Rs. 100 each of the Company.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(e) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series A"**

The Company had issued 635,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of Rs. 100 each at a premium of Rs. 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March, 2016 and for the period of non conversion after 31st March, 2016, not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. At the end of the 10th year from the date of the issue, each debenture will compulsorily be converted into one equity share of Rs. 100 of the Company.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(f) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series C"**

The Company had converted unsecured loan from Holding Company into 847,365 Non Cumulative Unsecured Compulsory Convertible Debentures "Series C" of face value of Rs. 100 each at a premium of Rs. 640.86 per debenture during the financial year 2012-13. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April, 2015. The debenture shall carry zero coupon till 31st March 2015. If PML does not exercise the option to convert CCDs into equity shares, the instrument may be entitled to a coupon rate of not more than 2% p.a. as may be decided by the company for the period of non conversion after 31st March, 2015. The Company shall not declare any dividend or other distribution to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. On 1st April, 2017, each debenture will compulsorily be converted into one equity share.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(g) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series B"**

The Company had issued 769,440 in various tranches, Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of Rs. 100 each at a premium of Rs. 1,721.66 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 each at any time on or after 1st April, 2015. The debenture shall carry zero coupon till 31st March, 2015 and for the period of non conversion after 31st March, 2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. On 1st April, 2017 each debenture will compulsorily be converted into one equity share of Rs. 100 of the Company.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(h) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series G"**

The Company had issued 616,147 Non Cumulative Unsecured Compulsory Convertible Debentures "Series G" of face value of Rs. 100 each at a premium of Rs. 1,312 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April 2015. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. In the event investors does not convert the debentures prior to 31st March 2017, each debenture will compulsorily be converted into one equity share of the Company on 1st April 2017.

In the financial year 17-18, the debenture holders had agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

18.2 Nature & Purpose of Reserves & Surplus

(a) **Retained Earnings:**

It represents the accumulated losses of the Company.

(b) **Securities Premium :**

It represents the amount received in excess of par value of securities. The same can be utilized as per provisions of section 52 of the Companies Act, 2013.

(c) **Replacement Reserve Fund :**

As per the operating agreement with Hotel operator, the Company is required to create a replacement reserve fund based on percentage of monthly revenues. The said fund is required to be earmarked and kept separately which can be utilised only for routine capital expenditure in respect of the hotel property as per the operating plan or as proposed by the hotel operator. Further all interest earned from the said fund also has to be added to the said fund.

Accordingly the company has created a reserve of Rs. Nil (Previous year Rs. 1,117.60 lakhs) by debiting the balance in retained earnings and utilised reserve of Rs. 83.84 lakhs (Previous year Rs. 354.03 lakhs) by crediting balance in retained earnings.

(d) **Other Comprehensive Income:**

It represents the balance in equity for items to be accounted in Other Comprehensive Income. Other Comprehensive Income is classified into i) Items that will not be reclassified to statement of profit and loss & ii) Items that will be reclassified to statement of profit and loss.

(d) **Share option outstanding :**

It represents fair value of stock option granted to employees of the Company under "Employee Stock Option Scheme 2007" by the holding company. Under the scheme, employees of the Company entitles the shares of the holding company.

Also refer note (b) under statement of change in equity

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
		Audited	Audited
19	Non-current financial liabilities - Borrowings		
	Term Loans		
	- from banks	46,889.94	42,443.08
	- Interest accrued but not due on Term Loan	32.00	321.55
	Total Non-current Financial borrowings	46,921.94	42,764.63
	Amount disclosed under the head "Other Current Financial Liabilities"		
	Less: Current maturities of Term Loan	(1,080.00)	(88.98)
	Less: Interest Accrued but not due	(32.00)	(321.55)
	Total Non-current Financial borrowing as per Balance sheet	45,809.94	42,354.10

19.1 The Company has taken secured loan from Axis Bank Limited and Saraswat Co-op Bank Ltd (referred as "Consortium of Lenders"). The loans together with interest thereon are secured by the security stipulated herein below.

19.1.1 First pari-passu by way of registered mortgage, on all the immovable fixed assets land, proportionate FSI rights & building/structure(s) thereupon, both present & future of the project. Currently, mortgage shall be created on the entire land area of ~17853 sqmtrs (includes freehold + leasehold), however, once, the conveyance is executed for the entire portion of Land, then 1/3rd of the land area of PML shall be excluded from the charge and balance 2/3rd portion of undivided interest in land will continue to be under mortgage. Also refer note 5.1

19.1.2 First pari-passu charge / exclusive charge on all the movable fixed assets, current assets and receivables (both present & future), including escrow of the same of the Project. Also refer note 5.2

19.1.3 Currently, the Company is 100% subsidiary of PML. Avinash Bhosale Infrastructure Pvt Ltd (ABIPL) does not hold any equity interest in the Company. Till the time ABIPL does not hold equity interest in the Company, PML will pledge 30% shareholding in the Company.

After conversion of CCD's, 15% shareholding of PML & 15% shareholding of ABIPL in the Company should be pledged.

19.2 Terms of repayment and maturity profile of the term loan:

19.2.1 Term loan from lenders (In respect of loan taken from lenders as mentioned in note 19.1)

The term loan is repayable in 48 unequal structured instalments beginning from June 2019 and last payment date is 31st March 2031. Due to pre-payment, repayment of term loan commenced from March 2021 (Previous year : March 2021) and last payment date is 31st March 2031. The maturity profile of the loan amount given below is modified accordingly:

<u>Financial Year</u>	As at 31st March 2021	(Rs. In Lakhs) As at 31st March 2020
2021-2022	1,080.00	480.00

Pallazzo Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

2022-2023	1,800.00	600.00
2023-2024	1,920.00	720.00
2024-2025	2,346.25	1,146.25
2025-2026	4,993.19	4,393.19
2026-2027	4,955.69	4,955.69
2027-2028	6,744.45	6,744.45
2028-2029	7,970.71	7,970.71
2029-2030	8,687.09	8,687.09
2030-2031	6,392.56	6,656.72
Total	46,889.94	42,354.10

19.3 In FY 2019-20, the Company had taken overdraft facility from Axis Bank Limited. Such facility was sanctioned by the bank as a sub-limit of term loan facility. Accordingly, such overdraft facility has been treated as term loan and was classified under Non-current financial liability - Borrowings.

		(Rs. in lakhs)	
20	Non-current financial liabilities - Other liabilities	As at 31st March 2021	As at 31st March 2020
	Security deposit	-	36.50
	Total	-	36.50

		(Rs. in lakhs)	
21	Non-current liabilities - provisions	As at 31st March 2021	As at 31st March 2020
	Provision for gratuity (Refer note 40)	152.39	154.02
	Total	152.39	154.02

		(Rs. in lakhs)	
22	Non-current liabilities - Other non current liabilities	As at 31st March 2021	As at 31st March 2020
	Income received in advance (Refer Note 28.1(d))	272.00	338.28
	Total	272.00	338.28

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
23	Current financial liabilities - Borrowings		
	Secured		
	Working Capital loan (Refer Note 23.1)	2,499.57	-
	Unsecured		
	Loan repayable on demand from related party		
	- from Holding Company	1,981.00	1,861.00
	- from Others	120.00	-
	Total	4,600.57	1,861.00

23.1 The Company has taken working capital loan from Saraswat Co-op Bank Ltd. It is secured by the security stipulated herein below.

23.1.1 First pari-passu by way of registered mortgage, on all the immovable fixed assets (land, proportionate FSI rights & building/structure(s) thereupon), both present & future of the project.

23.1.2 First pari-passu charge/exclusive charge on all the movable fixed assets, current assets and receivables (both present & future).

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
24	Current financial liabilities - Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	61.41	53.84
	- total outstanding dues of creditors other than micro enterprises and small enterprises	2,657.86	2,046.82
	Total	2,719.27	2,100.66

24.1 Disclosure under section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is as tabulated below:

Particulars	As at 31st March 2021	As at 31st March 2020
Principal amount remaining unpaid to suppliers	61.41	53.84
Principal amount paid to beyond due date	-	-
Amount of interest paid under section 16	-	-
Amount of interest due and remaining unpaid	-	-
Amount of interest accrued and remaining unpaid	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the above Act.	-	-

The information as required to be disclosed in pursuance of the above referred Act has been determined to the extent such parties have been identified on the basis of information given by the suppliers to the Company.

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
25	Current financial liabilities - Other liabilities		
	Current maturities of secured long term borrowing		
	- from banks (Refer note 19.1, 19.2 & 19.3)	1,080.00	88.98
	- Interest on Term Loans	32.00	321.55
	Provision for expenses (electricity, water, etc.)	359.26	839.74
	Other liabilities		
	- Security deposits	712.32	708.29
	- Creditors for capital goods (Refer note 24.1 & 25.1)	1,944.66	738.78
	- Salary payable	26.82	29.67
	- Interest accrued and due on unsecured loan	1.74	-
	- Others (excess amount received from customers etc.)	1.55	1.47
	Total	4,158.35	2,728.48

25.1 The Company accounts for the invoices received from vendors/contractors based on the work certified. Creditors for capital goods include Rs. 331.93 lakhs (Previous year Rs. 331.93 lakhs) being provision made towards the value of work done by the Company's appointed sub-contractors which is pending to be certified.

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
26	Current liabilities - Other current liabilities		
	Income received in advance (Refer Note 28.1(d))	88.14	163.83
	Advances from customers	877.10	1,255.13
	Key money advance	5,280.35	5,552.30
	Statutory dues	87.72	450.53
	Total	6,333.31	7,421.79

		(Rs. in lakhs)	
		As at 31st March 2021	As at 31st March 2020
27	Current liabilities - provisions		
	Provision for property tax (Refer note 27.1(b))	6,782.00	5,805.00
	Provision for contingency (Refer note 27.1(c))	120.27	120.27
	Provision for gratuity (Refer note 40)	30.50	25.00
	Provision for leave benefits (Refer note 40)	121.85	149.68
	Provision for performance bonus (Refer note 27.1(a))	234.25	201.77
	Total	7,288.87	6,301.72

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27.1 Disclosure in movement of provision as required by Ind AS 37 'Provisions, Contingent liabilities and Contingent Assets':

- (a) The Company has made provisions for performance bonus which are expected to be paid in the next year. Details of which are tabulated below:

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Balance	201.77	187.85
Add: Provision during the year	234.25	201.77
Less: Paid	41.21	147.40
Less: Written back	-	40.44
Closing Balance	394.81	201.78

- (b) The Company had received demand for property tax in the month of September 2014, for the 2012-13, 2013-14 & 2014-15 aggregating to Rs. 2,512.48 lakhs which was further revised in the month of January 2015 to Rs. 2,005.90 lakhs. The Company had contested the demand and pending resolution of the matter the Company had made payment under protest of Rs.800 lakhs. The management was confident that the maximum liability would not be in excess of 50% of the cumulative demand of Rs. 2,005.90 lakhs. Accordingly the Company based on its estimate had made cumulative provision of Rs. 920 lakhs for the years 2012-13, 2013-14 and 2014-15.

In the FY 2015-16 to FY 2020-21 the Company received the demand for Rs. 977 lakhs for each year and the same has been contested by the Company. As a matter of abundant caution, the Company has made additional provision of Rs. 977 lakhs for each year. The differential demand is disclosed as contingent liability (Refer note 37). Timing of additional outflow, if any, would be determined upon completion of the litigation. Details of provision made is tabulated below:

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Balance	5,805.00	4,828.00
Add: Provision during the year	977.00	977.00
Less: Paid / Utilized	-	-
Less: Written back	-	-
Closing Balance	6,782.00	5,805.00

- (c) Provisions for contingency are towards various cases in respect of which management believes that there are present obligations and the settlements of such obligations are expected to result in outflow of resources, to the extent provided for

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Balance	120.27	116.27
Add: Provision during the year	-	4.00
Less: Paid / Utilized	-	-
Less: Written back	-	-
Closing Balance	120.27	120.27

Pallazzo Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

(Rs. In lakhs)

28 Revenue from operations	For the year ended 31st March 2021	For the year ended 31st March 2020
Room rent income*	3,050.23	13,725.28
Food, beverages and banquet income	2,540.52	14,288.00
Other operating income		
- License fees (Refer note 41(a))	260.79	408.99
- Revenue from spa and health club	176.96	581.44
- Car rentals	45.45	491.75
- Laundry charges	19.83	125.39
- Export incentives	-	503.49
- Key money	271.95	271.95
- Service charge	37.90	88.19
- Equipment rental revenue	1.32	205.66
- Others	123.21	199.87
Total	6,528.16	30,890.01

* Net of contribution to customer loyalty program of Rs. 47.77 lakhs (Previous year: Rs. 326.85 lakhs)

28.1 Disclosures of Ind AS 115:

- (a) The Company's operations relates to hospitality services. The Company applies the guidance provided in Ind AS 115 'Revenue from contracts with customer' for determining the timing of recognition of revenue. Refer note 3.8.
- (b) For details of revenue recognised from contracts with customers, Refer note 28 above.
- (c) Disaggregation of revenue

For disaggregation of revenue, Refer note 28 above.

- (d) Revenue recognized during the year from opening balance of income received in advance:

(Rs. In lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Balance at the beginning of the year	502.11	531.62
Revenue recognised that was included in the deferred revenue at the beginning of the year	163.83	168.30

- (e) Reconciliation of revenue recognized with the contracted price is as follows:

(Rs. In lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Contracted price	6,677.31	31,599.49
Less: Reductions towards discount given to customers	101.38	382.63
Less: Reductions towards contribution to customer loyalty program	47.77	326.85
Revenue recognised	6,528.16	30,890.01

29 Other income	For the year ended 31st March 2021	For the year ended 31st March 2020
Dividend income from non-current investments	-	0.53
Interest income from financial assets at amortised cost	104.09	99.16
Provision for leave encashment written back (Refer note 40)	16.29	38.80
Forex exchange gain (net)	33.57	-
Profit on sale of property, plant and equipment (net) (Refer note 29.1 & 39)	2,503.96	-
Interest on income tax refund	60.62	104.35
Total	2,718.53	242.84

- 29.1 It includes non-recurring profit earned on sale of two floors / premises along with fit-outs (excluding right, title interest in land/ FSI) on as is whereis basis to the related parties amounting to Rs. 2,514.53 lakhs.

30 Food and beverages consumed	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening stock	434.57	377.46
Add: Purchases	775.97	3,559.07
	1,210.54	3,936.53
Less: Closing stock	306.50	434.57
Total	904.04	3,501.96

31 Other operating cost	For the year ended 31st March 2021	For the year ended 31st March 2020
Stores and operating supplies	413.70	1,379.50
Power and fuel	1,145.24	2,387.87
Repairs and maintenance		
- to buildings	323.59	183.60
- to machinery	223.05	468.75
- to others	14.42	108.22
Contract labour (Housekeeping, Security etc.)	177.91	932.96
Management fees	308.62	1,804.60
Car hire charges	71.68	171.83
Uniform expenses	3.35	61.21
Music and entertainment expenses	1.33	176.10
VAT Expenses	0.07	44.96
Others	80.61	189.61
Total	2,763.57	7,909.21

Pallazzo Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

		(Rs. In lakhs)	
32	Personnel expenses	For the year ended 31st March 2021	For the year ended 31st March 2020
	Salaries, wages, bonus etc.	2,263.20	3,953.37
	Contribution to provident and other funds (Refer note 40)	131.24	245.28
	Gratuity and leave benefits (Refer note 40)	60.32	63.45
	Staff welfare expenses	3.58	36.62
	Employee stock option expenses (Refer note 39 and 42)	3.37	5.73
	Total	2,461.71	4,304.45

		(Rs. In lakhs)	
33	Selling and marketing expenses	For the year ended 31st March 2021	For the year ended 31st March 2020
	Advertisement expenses	43.37	268.57
	Marketing expenses	68.41	292.07
	Travel agent commission	61.83	301.08
	Business promotion expenses	105.67	221.35
	Reservation fees	85.94	173.21
	Total	365.22	1,256.28

		(Rs. In lakhs)	
34	Administrative and other expenses	For the year ended 31st March 2021	For the year ended 31st March 2020
	Auditors' remuneration	17.60	22.00
	Provision for property tax (Refer note 27.1(b))	977.00	977.00
	Rent, rates and taxes	82.64	140.40
	Legal and professional fees	195.15	607.61
	Travelling and conveyance expenses	6.90	47.68
	Printing and stationery	18.08	67.02
	License and stamp duty	91.25	165.06
	Insurance	132.94	126.29
	Telephone /Internet and web mail charges	158.66	208.49
	Bad debts (net of utilization of Rs. Nil (Previous year Rs. 32.30 Lakhs)	-	-
	Allowance for doubtful debts (including expected credit losses)	119.77	46.45
	Loss on sale / discard of fixed assets (net)	-	3.62
	Provision for contingency (Refer note 27.1(c))	-	4.00
	Forex exchange loss (net)	-	62.19
	Donation	-	100.00
	Miscellaneous expenses	96.27	16.45
	Total	1,896.26	2,594.26

Pallazzio Hotels & Leisure Limited
Notes to financial statements for the year ended 31st March 2021

34.1 Auditors' remuneration (excluding service tax/GST)

Particulars	(Rs. In lakhs)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Audit fees	17.60	22.00
Total	17.60	22.00

35	Particulars	(Rs. In lakhs)	
		For the year ended 31st March 2021	For the year ended 31st March 2020
	Finance costs		
	Borrowing cost		
	Interest on term loans and other loans (in respect of financial liabilities measured at amortised cost)	3,878.41	4,350.83
	Other borrowing cost	41.24	12.70
	Interest others	24.51	17.10
		3,944.16	4,380.63
	Other charges		
	Credit card commission	39.98	279.73
	Bank charges	4.01	8.38
		43.99	288.11
	Total	3,988.15	4,668.74

36 Capital Commitments and Other Commitments

- (a) Estimated amounts of contracts remaining to be executed on capital accounts and not provided for in the accounts are Rs. Nil (Previous year: Rs. 15.51).
- (b) Other commitment (for current year and previous year) is for simple coupon rate @ 4% which will be payable only in case of redemption of OFCD and this will accrue at the time of redemption. (Refer Note No. 18.1(b))

37 Contingent Liabilities

- (a) In previous year, the Company had received demand from income tax department for Rs. 9.98 lakhs for the year 2011-12 and Rs 16.97 lakhs for the year 2016-17. The Company had filed appeal against order for the year 2011-12 and also paid Rs. 2 lakhs under the protest. The Company had also filed letter of rectification against order for the year 2016-17.
- (b) Demand received for property tax (net of provision) of Rs. 1085.90 lakhs (Previous year: Rs.1085.90 lakhs) which has been contested by the Company. Further, additional interest liability, if any, will be determined at the time of outcome of matter under dispute. (Refer Note No. 27.1(b))
- (c) Demand from sales tax department for Luxury Tax of Rs. 20.91 lakhs (Previous year: Rs. 20.91 lakhs) and interest & penalty of Rs. 23.68 lakhs (Previous year: Rs.23.68 lakhs). In the FY 2018-19, the Company had filed appeal against the said order and also paid Rs.10 lakhs under the protest. Further, additional interest liability, if any, will be determined at the time of outcome of matter under dispute.
- (d) In FY 17-18, the Company had received legal notice from customer (for claim of Rs. 12 Lakhs plus interest) which has been disputed by the Company. Pending outcome of matter, the same has not been acknowledged as debt by the Company.

The future cash outflows of matters reported under point 37 (a), (b), (c) & (d) are determinable on receipt of decisions / judgments pending with forums / authorities.

- 38 There are no reportable segments under Ind AS-108 'Operating Segments' as all the activities relate to only one segment i.e. hospitality services. Further the management of the Company is also reviewing the results / operations of the Company as single segment i.e. hospitality services.

39 Details of related party transactions

A) Name of related parties

Holding Company (Ultimate holding company)	The Phoenix Mills Limited (PML)
Fellow Subsidiary Companies / Companies in which holding company is having substantial interest (only where there are transactions)	Alyssum Dvelopers Pvt.Ltd. Palladium Constructions Pvt Ltd Marketcity Resources Pvt Ltd Offbeat Developers Pvt Ltd Vamona Developers Private Limited Mindstone Mall Developers Pvt. Ltd. Sparkle One Mall Developers Pvt Ltd Island Star Mall Developers Pvt Ltd
Entity having significant influence	Avinash Bhosale Infrastructure Pvt.Ltd. (ABIPL)
Post Employment benefit plan	Pallazzo Hotels & Leisure Ltd Employees' Group Gratuity Scheme.
Key Managerial Personal of Holding company & their relatives	Atul Ruia Gayatri Ruia

B) Transactions with related parties

For transactions with related parties refer annexure 1

40 Employee Benefits:

- (a) Brief description of the defined benefit plans and other long term benefits:

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service subject to a maximum of Rs. 20 lakhs (Previous year: Rs. 20 lakhs). Vesting occurs upon completion of five continuous years of service in accordance with Payment of Gratuity Act, 1972. The Company has funded its Gratuity obligation under Group Gratuity policy managed by LIC.

Leave benefits are payable to eligible employees who have earned leaves, during the employment and / or on separation as per the Company's policy and it is un-funded. Further employees can utilize earned leaves balances against the absences.

- (b) Assumptions used by actuary for arriving at the value of benefits of gratuity and leave :

Particulars	31st March 2021	31st March 2020
Discount rate	7.00%	6.70%
Expected rate of salary increase	0.00% for the first year, 5.00% for the next year & 7.00% thereafter	0.00% for the first year, 5.00% for the next year & 7.00% thereafter
Expected rate of return on asset	7.00%	6.70%
Attrition Rate	15%	15%
Mortality Pre-retirement	India Assured Lives (2012-14)	India Assured Lives (2012-14)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other supply and demand factors in the employment market.

The other disclosures are tabulated below:

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave benefits (Unfunded)	Gratuity (Funded)	Leave benefits (Unfunded)
(i) Change in present value of defined benefit obligation during the year				
Present value of obligation	212.62	119.95	227.20	230.33
Interest cost	17.46	10.97	21.40	18.54
Current service cost	60.32	58.20	63.45	36.94
Benefits paid	(38.86)	(11.54)	(28.51)	(62.02)
Actuarial changes arising from changes in financial assumptions	(3.53)	-	(34.29)	-
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in experience adjustments	(37.92)	(71.99)	(36.62)	(103.83)
Past service cost*	-	-	-	-
Present value of obligation at the end of the year	210.09	105.59	212.62	119.95

Particulars	2020-21		2019-20	
	Gratuity (funded)		Gratuity (funded)	
(ii) Change in fair value of plan assets during the year				
Plan assets at the beginning of the year		33.62		57.46
Contribution		33.99		-
Benefits paid during the year		(38.86)		(28.51)
Interest Income		2.28		4.30
Actuarial gains / (losses)		(3.82)		0.37
Fair value of plan assets at the end of the year		27.21		33.62

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave benefits (Unfunded)	Gratuity (Funded)	Leave benefits (Unfunded)
(iii) Net asset / (Liability) recognised in the balance sheet				
Present value of obligation at the end of the year	210.09	105.59	212.62	119.95
Fair value of plan assets at the end of the year	27.21	-	(33.60)	-
Net obligation at the end of the year	237.30	105.59	179.02	119.95

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave benefits (Unfunded)	Gratuity (Funded)	Leave benefits (Unfunded)
(iv) Expenses recognised in the statement of profit and loss for the year				
Current service cost	60.32	58.20	63.45	36.94
Net interest cost	15.18	10.97	17.10	18.54
Actuarial (Gains) / Losses	-	(71.99)	-	(103.83)
Past Service cost	-	-	-	-
Net cost	75.50	(2.82)	80.55	(48.35)

Particulars	2020-21		2019-20	
(v) Recognised in other comprehensive income for the year				
Actuarial changes arising from changes in financial assumptions		(3.53)		(34.29)
Actuarial changes arising from changes in demographic assumptions		-		-
Actuarial changes arising from changes in experience assumptions		(37.92)		(36.62)
Return on plan assets excluding interest income		3.82		(0.37)
Recognised in other comprehensive income		(37.63)		(71.28)

Particulars	31st March 2021		31st March 2020	
(vi) Maturity profile of defined benefit obligation				
Within the next 12 months (next annual reporting period)		27.69		24.61
Between 2 and 5 years		107.39		106.86
Between 6 and 10 years		92.94		93.95

Particulars	31st March 2021		31st March 2020	
(vii) Quantitative sensitivity analysis for significant assumption is as below: (Increase / (decrease) on present value of defined benefits obligation at the end of the year)				
One percentage point increase in discount rate		(11.00)		(11.73)
One percentage point decrease in discount rate		12.24		13.09
One percentage point increase in rate of salary		11.18		12.23
One percentage point decrease in rate of salary		(10.55)		(11.34)
One percentage point increase in employee turnover rate		(0.78)		(1.42)
One percentage point decrease in employee turnover rate		0.75		1.43

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied for calculating the defined benefit obligation recognised within the Balance Sheet.

As at 31st March 2021 and 31st March 2020, the plan assets have been primarily invested in Government securities. The Company expects to contribute Rs. 30 lakhs (Previous Year Rs. 25 lakhs) to the gratuity scheme in the next financial year.

Particulars	31st March 2021	31st March 2020
Insurer Managed Funds	100%	100%

(c) In the current year, there is write back of provision for short term compensated absences of Rs. 13.47 lakhs (Previous year - there was provision of Rs.9.55 lakhs). Cumulative outstanding balance of provision for short term compensated absence is Rs. 16.26 lakhs (Previous year: Rs. 29.73 lakhs).

(d) Defined contributions plans

Amount of Rs. 131.24 lakhs (Previous year: Rs. 245.28 lakhs) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

Particulars	(Rs. in lakhs)	
	2020-21	2019-20
Contribution to Provident Fund	119.36	223.06
Contribution to Employee state insurance scheme	11.75	21.82
Contribution to Labour welfare scheme	0.13	0.40
Total	131.24	245.28

41 Operating Leases

The Company had adopted Ind AS 116 'Leases' effective from 1st April 2019, as notified by the Ministry of Corporate Affairs in the Companies (Indian Accounting Standard) Amendment Rules, 2019.

(a) As lessor

In accordance with the arrangements entered into by the Company, the Company has accounted for license fees of Rs. 260.79 lakhs (Previous year: Rs. 408.99 lakhs) [including contingent rent of Rs. 29.37 lakhs (Previous year: Rs. 77.85 lakhs)].

The minimum license fees receivable in next one year is Rs. 306.36 lakhs (Previous year: Rs. 373.03 lakhs) and later than one year and not later than five years is Rs. Nil (Rs. 306.36 lakhs)

The gross carrying amount and accumulated depreciation at the balance sheet date of the said premises is given below:

	(Rs. in lakhs)			
	Buildings	Plant & Machinery	Furniture & Fixtures	Total
Gross block				
As at 31st March 2020	438.22	5.10	32.26	475.59
As at 31st March 2021	438.22	5.10	32.26	475.59
Depreciation				
For FY 19-20	15.51	0.42	5.19	21.12
For FY 20-21	15.47	0.42	5.19	21.08
Accumulated depreciation:				
As at 31st March 2020	72.47	0.66	25.95	99.08
As at 31st March 2021	87.94	1.08	31.14	120.16
Net book value				
As at 31st March 2020	365.75	4.44	6.31	376.51
As at 31st March 2021	350.28	4.02	1.12	355.43

(b) As lessee

The Company's lease assets primarily consist of leases for vehicles and accommodation given to employees. For lease arrangement with lease terms of 12 months or less, the Company has applied the 'short-term lease' recognition exemption.

Particulars	(Rs. in lakhs)	
	Amounts	
Interest expense on lease liabilities;	-	
Expense relating to short-term leases (included in 'Administrative and other expenses' & 'Other	27.30	
Expense relating to leases of low value assets (included in 'Administrative and other expenses' & 'Other operating cost')	-	
Lease payments debited to lease liabilities	-	
Expense relating to variable lease payments not included in the measurement of lease liabilities;	-	
Income from subleasing right-of use assets;	-	
Total cash outflow of leases; [including short term and low value leases]	27.30	
Gains or losses arising from sale and leaseback transaction;	-	

42 Share based payment

The holding company has issued stock options under "Employees Stock Option Scheme 2007". The Compensation Committee of the holding company has granted options to the certain employees of the Company.

As per the scheme, options are vested to employees over a period of 5 years and once options are vested, it remains exercisable for 3 years. When exercisable, each option entitles the holder to purchase one share of holding company at an exercise price determined by the compensation committee on the grant date. The holding company has the obligation to deliver the shares and there is no obligation to deliver shares on the Company. Since the Company does not have an obligation to settle the options, the options are treated as an equity-settled plan. The details of the plan are as follows:

Particulars	(Rs. in lakhs)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Options outstanding at the beginning of the year (Nos)	18,550	22,800
Options granted during the year (Nos)	-	-
Options forfeited during the year (Nos)	-	-
Options expired during the year (Nos)	-	-
Options exercised during the year (Nos)	(6,500)	(4,250)
Options outstanding at the end of the year (Nos)	12,050	18,550
Options vested and exercisable at the end of the year (Nos)	-	-
Weighted average exercise price in Rs.	333.90	333.90
Remaining contractual period	1 years 7 months	2 years 7 months

43 Earnings/ (losses) per share

Particulars	(Amount in Rs.)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit/(Loss) after tax but before other comprehensive income	(7,913.63)	1,222.17
Weighted average number of equity shares - Basic EPS	53,18,918	53,18,918
Weighted average number of equity shares - Diluted EPS	91,28,234	91,28,234
Nominal value of equity share	100	100
Basic EPS / (loss) per share	(148.78)	22.98
Diluted EPS / (loss) per share	(148.78)	13.39

Note: As per para 23 of Ind AS 33, mandatorily convertible instrument should be considered for basic EPS from the date of the contract. Accordingly, compulsory convertible debentures issued by the Company has been considered for the calculation of basic EPS. Further, the impact of OFCD on the EPS would be anti-dilutive and hence not considered for calculation of diluted EPS in the current year.

44 Income Tax

Particulars	(Rs. In lakhs)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
A Statement of profit or loss and OCI		
Current income tax:	-	-
Deferred tax credit / (charge):		
Impact of tax rate change	-	(363.64)
In respect of current year - debited to P&L	-	-
In respect of current year - credited to OCI	-	(17.94)
	-	(381.58)
Total income tax expenses	-	(381.58)
B Reconciliation of Current Tax expenses:		
Profit/(loss) before tax	(7,913.63)	1,585.81
Applicable Tax Rate	26.00%	25.17%
Computed tax expenses*	(2,057.54)	399.12
Impact of permanent disallowance	(70.63)	(67.54)
Impact of temporary disallowance	355.60	137.00
Impact of tax rate change	-	106.75
DTA not recognised on carry forward lossess	1,772.57	(575.33)
	-	-
C Deferred tax recognised in statement of profit and Loss and OCI relates to the following:		
Deferred tax assets:		
Unabsorbed tax losses and Carry forward depreciation	2,118.87	1,651.47
Unamortized key money income	1,372.89	1,397.40
Items covered under section 43B of Income Tax Act	852.53	677.57
Provision for doubtful debts	61.06	30.32
Others	16.96	14.21
Deferred tax liability:		
Depreciation / Amortization	4,422.31	3,770.97
Net deferred tax assets	-	-
D Reconciliation of deferred tax asset / (liabilites):		
Balance at the beginning of the year	-	381.58
Impact of tax rate change	-	(381.58)
Tax expenses / (income) during the period (including amount debited / credited to OCI)	-	(381.58)
Balance at the closing of the year	-	-

* Note : In previous year, the Company had initially planned to avail the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, but later on it was decided (i.e. at the time of filling the Income tax return) to continue with the old scheme. No provision for tax is required to be made, as there is no taxable income as per provisions of Income Tax Act, 1961 in the current year and in the previous year.

48 Disclosures for 'Statement of Cash Flows' as per Ind AS 7

- (a) Aggregate net inflow on account of direct tax (including interest on income tax refund) is Rs. 492.93 lakhs (Previous year: Rs. 369.84 lakhs).
- (b) The changes in liabilities arising from financing activities are as follows:

Particulars	(Rs. In lakhs)			
	As at 31st March 2020	Cash inflow/(outflow)	Non-cash changes (Refer note (b) above)	As at 31st March 2021
Term loans	42,443.08	4,446.86	-	46,889.94
Overdraft Facility	-	2,499.57	-	2,499.57
Non-convertible debentures	-	-	-	-
Unsecured loans	1,861.00	240.00	-	2,101.00
Compulsory convertible debentures	4,118.92	-	-	4,118.92
Optionally fully convertible debentures	21,980.91	-	-	21,980.91
Optionally convertible debentures	4,600.00	(4,600.00)	-	-
Total	75,003.91	2,586.43	-	77,590.34

Particulars	(Rs. In lakhs)			
	As at 31st March 2019	Cash inflow/(outflow)	Non-cash changes	As at 31st March 2020
Term loans	47,832.16	(5,389.08)	-	42,443.08
Non-convertible debentures	-	-	-	-
Unsecured loans	1,861.00	-	-	1,861.00
Compulsory convertible debentures	4,118.92	-	-	4,118.92
Optionally fully convertible debentures	21,980.91	-	-	21,980.91
Optionally convertible debentures	4,600.00	-	-	4,600.00
Total	80,392.99	(5,389.08)	-	75,003.91

- 49 The hotel industry continues to be impacted by the Covid-19 pandemic. During the last three months (i.e. from January 21 to March 21) there were substantial relaxations in the restrictions however on account of the second wave there has been stringent restrictions and lock-down like situation which has impacted the business subsequent to the year as well. The state government has also proposed certain relaxations / benefits to the industry including with respect to electricity duty and NA tax cut which is expected to help the industry. The company continues to closely monitor the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, ability to service debt falling due for payment within next 12 months and other financing arrangements, supply chain and demand for its services. In order to conserve its cash flows, the Company had availed moratorium offered by its banking partners as per the RBI guidelines on principal & interest. The current liquidity position continues to be stable and comfortable and the Company has available sanctioned unutilised working capital limits to meet any of its future cash flow requirements. Additionally the holding company / investors are also committed to support the company as and when need arise. Various cost rationalization measures have been undertaken at the hotel including but not limited to energy conservation, resource deployment and deferral of certain non-critical upgrades.

The Company has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, trade receivables, inventories, and other current assets appearing in the results of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of results has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of results and the Company will continue to closely monitor any material changes to future economic conditions.

On account of the unprecedented impact of the pandemic on the operations of the company during the year, the results of the current year are not strictly comparable with the corresponding previous year.

50 Corporate social responsibility

As per Section 135 of the Companies Act 2013, Corporate Social Responsibility (CSR) is applicable to the Company. Gross amount required to be spent by the Company during the year is Rs. Nil considering that the Company is not having profit u/s 198 of the Companies Act 2013 due to set off of carried forward losses.

- 51 Additional Information as required by para 7 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

- 52 The Company's management has developed a system of maintenance of information and documents as required by the Transfer Pricing Legislation under Section 92 to Section 92F of the Income Tax Act, 1961. The Company has represented that international transactions with associated enterprises are at arm's length and transfer pricing legislation will not have an impact on the financial statements particularly on the amount of tax expense for the period and the amount of provision for tax at the period end.

- 53 Previous Year Figures have been regrouped/rearranged wherever necessary.

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / 100149W

For and on behalf of the Board of Directors of
Pallazzo Hotels & Leisure Limited

Prashant Daftary
Partner
Membership No. : 117080

Varun Parwal
Director
DIN:07586435

Shishir Shrivastava
Director
DIN:01266095

Prashant Khandelwal
Chief Financial Officer

Revati Nair
Company Secretary
M. No. A64743

Place: Mumbai
Date: 27th May, 2021

(a) Financial instruments by category

(Rs. In lakhs)

Sr. No	Particulars	31st March 2021			31st March 2020		
		Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
A	Financial assets						
(i)	Investments						
	Equity Instrument	-	-	0.25	-	-	0.25
	Preference Shares	5.00	-	-	5.00	-	-
	Government Securities	0.80	-	-	0.80	-	-
(ii)	Trade receivables	788.55	-	-	1,469.52	-	-
(iii)	Cash and cash equivalents	281.57	-	-	525.48	-	-
(iv)	Non-current financial assets - Other assets	2,351.58	-	-	2,754.53	-	-
(v)	Current financial assets - Other assets	3,433.49	-	-	893.77	-	-
	Total financial assets	6,860.99	-	0.25	5,649.10	-	0.25
B	Financial liabilities						
(i)	Borrowings	50,410.51	-	-	44,215.10	-	-
(ii)	Trade Payables	2,719.27	-	-	2,100.66	-	-
(iii)	Non-current financial liabilities - Other liabilities	-	-	-	36.50	-	-
(iv)	Current financial liabilities - Other liabilities	4,158.35	-	-	2,728.48	-	-
	Total financial liabilities	57,288.13	-	-	49,080.74	-	-

FVTOCI - Fair Value Through Other Comprehensive Income

FVTPL - Fair Value Through Profit or Loss

Bank guarantee:

Bank guarantees aggregating to:

- (i) Rs. 215.76 lakhs (Previous year: Rs. 215.76 lakhs) given by the Company for EPCG license.
- (ii) Rs. 13.30 lakhs (Previous year: Rs. 13.30 lakhs) given by the Company to Directorate General of Foreign Trade for obtaining liquor licenses.
- (iii) Rs. 50 lakhs (Previous year: Rs. 50 lakhs) given by the Company to Maharashtra Pollution Control Board.
- (iv) Rs. Nil (Previous year: Rs. 144.52 lakhs) given by the Company towards Tata Power Company Limited as a Security towards prompt payment.
- (v) Rs. 6.77 lakhs (Previous year: Rs. 6.77 lakhs) given by the company to The Collector/ Superintendent of State Excise
- (vi) Rs. Nil (Previous year: Rs. 5 lakhs) given by the company to The Municipal Corporation of Greater Mumbai

(b) Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following method and assumptions are used to estimate the fair values:

- (i) The management assessed that fair value of Trade receivables, Cash and cash equivalents, Current financial assets - Other assets, Short term borrowings, Current financial liabilities - Other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further the management has assessed that fair value of Non-current financial assets - Other assets, Non-current financial liabilities - Other liabilities, Equity Instrument, Preference Shares, Government Securities will be approximate to their carrying amounts.
- (ii) Long-term variable rate borrowings are evaluated by the Company based on the parameters such as interest rates, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximate their carrying values.

(c) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable , either directly or indirectly

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Item covered in note 45(b)(i) & (ii) has not been disclosed in below table as their value approximates to its carrying value and they are measured at amortized cost.

Sr. No	Particulars	(Rs. In lakhs)					
		31st March 2021			31st March 2020		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A	Investment in equity instrument*						

* Cost of investment in equity instruments is Rs. 0.25 lakhs (Previous year Rs. 0.25 lakhs). Considering the materiality, the cost of investment has been considered as equivalent fair value and hence no additional disclosure has been made.

During the year ended 31st March 2021 & 31st March 2020 there were no transfers between level 1 & level 2 fair value measurements, and no transfer into & out of level 3 fair value measurements.

46 Financial Risk Management

The Company has exposure to the three risks from its use of financial instruments i.e. Credit risk, Liquidity risk and Market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not have any derivative financial instruments. The Board of directors has overall responsibility for the establishment of the company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and company's activities.

(a) Market Risks :

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instruments may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes that affect the market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payables and loans & advances etc. The Company is exposed to market risk primarily related to foreign exchange currency risk and interest rate risk.

(i) Foreign exchange currency risk

The Company transacts business primarily in Indian Rupee, however, it has foreign currency payable and receivable [mainly in USD] and is therefore, exposed to the said foreign exchange currency risk. The Company does not enter into any forward exchange contracts being derivative instruments for trading or speculative purposes. The Company did not enter into any forward exchange contracts being derivative instruments for hedging purposes during the year and in the previous year. The following table analyses the foreign currency risk from monetary assets and liabilities as at balance sheet date.

Particulars	Foreign Currency (FC)	31st March 2021		31st March 2020	
		Amount in FC	Rs. In lakhs	Amount in FC	Rs. In lakhs
Trade payables	USD	15,80,806	1,291.66	9,24,144	696.50
	HKD	2,15,556	20.28	2,15,556	20.96
Cash and cash equivalent	USD	161	0.12	540	0.41
	EURO	-	-	-	-
	GBP	-	-	75	0.07
	HKD	-	-	-	-
	SGD	-	-	-	-

The following table demonstrates the sensitivity in the foreign currency to the Indian rupee with all other variables held constant. The impact on company's profit after tax and on other equity due to change in fair value of financial assets and liabilities is given below :

Particulars	(Rs. In lakhs)			
	Increase / (Decrease) in profit / loss after tax		Increase / (Decrease) in other equity	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
USD sensitivity				
INR/ USD - Increase by 1%	(12.92)	(6.96)	(12.92)	(6.96)
INR/ USD - Decrease by 1%	12.92	6.96	12.92	6.96

(ii) Interest rate risk

The Company's primarily interest rate risk arises from borrowings at variable interest rates. Borrowings taken at variable rate expose the company to cash flow interest rate risk. With all other variables held constant the following table demonstrates the impact of interest rate risk.

Particulars	(Rs. In lakhs)			
	Increase / (Decrease) in profit / loss after tax		Increase / (Decrease) in other equity	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Increase by 1%	(468.90)	(424.43)	(468.90)	(424.43)
Decrease by 1%	468.90	424.43	468.90	424.43

The above amount is excluding the outstanding interest free loan.

(b) Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fail to meet its contractual obligations. The Company is exposed mainly to credit risk arises from cash and cash equivalents, deposit with banks and outstanding trade receivables.

(i) Trade Receivables and unbilled revenue

The Company extends credit to customers in normal course of business. The Company considers factor such as credit track report of customer, industry practice, payment track record etc. The Company has also taken advances and security deposits from its customer which mitigate the credit risk to an extent. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue as low, as its customers belongs to several industries.

The ageing of trade receivable along with expected loss rate is as below :

Particulars	Ageing		Total
	Upto 6 months	More than 6 months	
(Rs. In lakhs)			
As at 31st March 2021			
Secured	-	-	-
Unsecured	939.99	521.56	1,461.55
Total receivables and unbilled revenue	939.99	521.56	1,461.55
Allowance for doubtful receivables*	-	-	240.23
Net Receivables	939.99	521.56	1,221.32
Expected loss rate			16.44%
As at 31st March 2020			
Secured	-	-	-
Unsecured	2,257.37	192.06	2,449.43
Total receivables and unbilled revenue	2,257.37	192.06	2,449.43
Allowance for doubtful receivables*	-	-	120.46
Net Receivables and unbilled revenue	2,257.37	192.06	2,449.43
Expected loss rate			4.92%

* Expected loss rate includes both allowance made based assessed credit risk on an individual basis and expected loss based on hotel policy.

Movement in expected credit loss and allowance for doubtful receivables :**(Rs. In lakhs)**

Particulars	31st March 2021		31st March 2020	
	Allowance for doubtful receivables	Expected credit loss	Allowance for doubtful receivables	Expected credit loss
Opening balance	81.39	39.07	63.23	43.07
Addition to allowance for doubtful receivables	132.29	-	50.45	-
Adjusted against bad debts	-	-	(32.30)	-
Amount written back	-	(12.52)	-	(4)
Closing balance	213.68	26.55	81.39	39.07

(ii) Cash and cash equivalent and Bank deposits

The Company considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances and deposits are maintained. The balance and fixed deposits are generally maintained with the banks with whom the Company has availed the credit facilities. Further the Company does not maintain significant cash in hand other than those required for its day to day operations. Considering the same, the Company is not exposed to expected credit loss of cash and cash equivalent and bank deposits.

(c) Liquidity Risk :

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time. The Company relies on mix of borrowings, capital and operating cash flows to meet its needs for funds. The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the undiscounted payments.

Particulars	Less than 1 year	1 to 5 year	Above 5 years	(Rs. In lakhs)
				Total
As at 31st March 2021				
Borrowings	4,600.57	11,059.44	34,750.50	50,410.51
Trade Payables	2,719.27	-	-	2,719.27
Other Financial liabilities	4,158.35	-	-	4,158.35
As at 31st March 2020				
Borrowings	1,861.00	2,946.25	39,407.85	44,215.10
Trade Payables	2,100.66	-	-	2,100.66
Other Financial liabilities	2,728.49	36.50	-	2,764.99

Un-utilised sanctioned facility is Rs. 3,926.69 lakhs (Previous year Rs. 3,663.28 lakhs).

The table below provides details regarding the remaining contractual maturities of financial assets at the reporting date based on the undiscounted payments.

Particulars	(Rs. In lakhs)			
	Less than 1 year	1 to 5 year	Above 5 years	Total
As at 31st March 2021				
Investment	-	-	6.05	6.05
Other financial assets	3,433.49	2,351.58	-	5,785.07
Trade receivables	788.55	-	-	788.55
Cash and cash equivalents	281.57	-	-	281.57
As at 31st March 2020				
Investment	-	-	6.05	6.05
Other financial assets	893.77	2,754.53	-	3,648.30
Trade receivables	1,469.52	-	-	1,469.52
Cash and cash equivalents	525.48	-	-	525.48

47 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible instruments, share premium and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to maximise the shareholder's value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Particulars	(Rs. In lakhs)	
	As at 31st March 2021	As at 31st March 2020
Total Debt (including interest on debt)	51,522.51	44,625.63
Total Capital (total equity shareholder's fund - deferred tax assets)	24,345.64	36,818.27
Total Capital and Debt	75,868.15	81,443.90
Gearing Ratio	67.91%	54.79%