S R B C & CO LLP
Chartered Accountants

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Panchshil Tech Park, Yerwada
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Independent Auditor's Report on Special Purpose Ind AS Carve-Out Financial Statements of Panchshil Infrastructure Holdings Private Limited

To,
The Board of Directors of
Panchshil Infrastructure Holdings Private Limited
Tech Park One, Tower - E, 191
Yerwada, Pune, Maharashtra 411006

Opinion

We have audited the accompanying Special Purpose Ind AS Carve-Out Financial Statements of Marriott Suites, Pune Hotel and Oakwood Residence Naylor Road, Pune Hotel ("the Hotel Business") transferred by Panchshil Infrastructure Holdings Private Limited (the "Transferor") including transfer of Business Assets and Liabilities in accordance with Business Transfer Agreement ("BTA") dated August 6, 2024, which comprises of the Special Purpose Carve-Out Balance Sheets as at March 31, 2024 and March 31, 2023; the Special Purpose Carve-Out Statement of Profit and Loss (including other comprehensive income); the Special Purpose Carve-Out Statement of Changes in Equity, the Special Purpose Carve-Out Statement of Cash Flows, and a summary of material accounting policies and other explanatory information for the year ended March 31, 2024 and March 31, 2023 (hereinafter referred to as the "Special Purpose Carve-Out Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Carve Out Financial Statements of the Hotel Business have been prepared, in all material respects in accordance with the basis of preparation as set out in Note 2 to the Special Purpose Carve-out Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Carve-Out Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 ('Act') and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the audit of Special Purpose Carve-Out Financial Statements' section of our report. We are independent of the Transferor 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 Special Purpose Carve-Out 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 audit opinion on the Special Purpose Carve-Out Financial Statements.

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S R B C & CO LLP
CHARTERED ACCOUNTANTS

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the Special Purpose Carve-Out Financial Statements, which describes the basis of accounting. The Special Purpose Carve-Out Financial Statements have been prepared solely for the preparation of the Unaudited Proforma Financial Information which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") to be prepared by Ventive Hospitality Limited (formerly known as ICC Realty (India) Private Limited) ("the Issuer") for filing with SEBI, in connection with the proposed IPO, pursuant to the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations"). As a result, the Special Purpose Carve-Out Financial Statements may not be suitable for another purpose. Our report is intended solely for the Company and the auditors of the Issuer in connection with their report on the Compilation of Unaudited Proforma Financial Information to be included in the DRHP of the Issuer and should not be used for any other purpose.

Our opinion is not modified in respect of the above matter.

Management's responsibility for the Special Purpose Carve-Out Financial Statements

The Board of Directors of the Transferor is responsible for the preparation of the Special Purpose Carve-Out Financial Statements in accordance with the basis of preparation as set out in Note 2 to the Special Purpose Carve-Out Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Hotel Business and for preventing and detecting frauds and other irregularities; application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 of the Special Purpose Carve-Out Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carve-Out Financial Statements, Board of Directors of the Transferor is responsible for assessing the Hotel Business'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 Hotel Business or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the audit of Special Purpose Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out 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 Special Purpose Carve-Out Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Carve-Out 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, but not for the purpose of expressing an opinion on the effectiveness of the Hotel Business's internal control.
- Evaluate the appropriateness of accounting policies and 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 Hotel Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hotel Business to cease to continue as a going concern.

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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

S R B C & CO LLP
CHARTERED ACCOUNTANTS

per Mustafa Saleem
Partner
Membership Number: 136969
UDIN: 24136969BKFGUU1939
Place of Signature: Pune
Date: August 30, 2024

Panchshil Infrastructure Holdings Private Limited

Special Purpose Carve out Balance sheet as at March 31, 2024

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

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	514.04	526.29
Capital work-in-progress	3.a	47.03	-
Other Intangible Assets	3	-	-
Right of use assets	3.b	108.90	123.10
Financial assets			
Other financial assets	4	14.13	10.22
Deferred tax assets (net)	5	30.50	35.08
Other non-current assets	6	8.07	2.23
Total non-current assets		**722.67**	**696.92**
Current assets			
Inventories	7	13.09	14.04
Financial assets			
Trade receivables	8	70.30	59.44
Cash and cash equivalents	9	23.10	50.49
Other financial assets	4	0.91	0.85
Other current assets	6	19.57	20.09
Total current assets		**126.97**	**144.91**
TOTAL ASSETS		**849.64**	**841.83**
EQUITY AND LIABILITIES			
Equity			
Other equity	10	(14.63)	(168.13)
		(14.63)	**(168.13)**
Non-current liabilities			
Financial liabilities			
Borrowings	11 (A)	435.49	603.25
Lease liabilities	12	114.26	122.93
Other non-current liabilities	13	70.52	73.88
Provisions	14	4.69	4.15
		624.96	**804.21**
Current liabilities			
Financial liabilities			
Borrowings	11 (B)	92.43	75.15
Lease liabilities	12	8.67	7.18
Trade payables	15		
- Total outstanding dues of micro enterprises and small enterprises		-	1.45
- Total outstanding dues of creditors other than micro enterprises and small enterprises		69.88	62.19
Other financial liabilities	16	8.23	7.62
Other current liabilities	13	14.78	27.76
Provisions	14	3.50	3.34
Current tax liabilities	17	41.82	21.05
		239.31	**205.74**
Total liabilities		**864.27**	**1,009.95**
TOTAL EQUITY AND LIABILITIES		**849.64**	**841.83**

Summary of material accounting policies to Special Purpose carve out financial statements 2

The accompanying notes are an integral part of the Special Purpose carve out financial statements.

As per our report of even date.

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969
Place: Pune
Date: August 30, 2024

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of Panchshil Infrastructure Holdings Private Limited

Atul Chordia
Director
DIN: 00054998
Place: Pune
Date: August 30, 2024

Sagar Chordia
Director
DIN: 00054123
Place: Pune
Date: August 30, 2024

Panchshil Infrastructure Holdings Pvt. Ltd. * Pune

Panchshil Infrastructure Holdings Private Limited

Special Purpose Carve Out Statement of profit and loss for the year ended March 31, 2024

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

	Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
I	**Income**			
	Revenue from operations	18	850.80	817.82
	Other income	19	18.79	17.04
	Total income (I)		**869.59**	**834.86**
II	**Expenses**			
	Cost of materials consumed	20	80.99	79.91
	Employee benefits expense	21	117.83	106.41
	Finance costs	23	86.57	102.14
	Depreciation and amortisation expense	24	52.21	55.43
	Other expenses	22	383.91	352.51
	Total expenses (II)		**721.51**	**696.40**
III	**Profit before tax (I-II)**		**148.08**	**138.46**
IV	**Tax expenses:**			
	Current tax	5	35.44	33.16
	Deferred tax charge	5	4.58	13.27
	Total tax expenses (III-IV)		**40.02**	**46.43**
V	**Profit for the year (III-IV)**		**108.06**	**92.03**
VI	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods :			
	Re-measurement losses on defined benefit plans		(0.19)	(0.64)
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(0.19)**	**(0.64)**
VII	**Total comprehensive income for the year, net of tax (V+VI)**		**107.87**	**91.39**
	Summary of material accounting policies to Special Purpose carve out financial statements	2		

The accompanying notes are an integral part of the Special Purpose Carve out financial statements.

As per our report of even date.

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969
Place: Pune
Date: August 30, 2024

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For and on behalf of the Board of Directors of
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DIN: 00054998
Place: Pune
Date: August 30, 2024

Sagar Chordia
Director
DIN: 00054123
Place: Pune
Date: August 30, 2024

Panchshil Infrastructure Holdings Pvt. Ltd. * Pune

Panchshil Infrastructure Holdings Private Limited

Special purpose Carve Out Statement of cash flow for the year ended March 31, 2024

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flows from operating activities		
Profit before tax	148.08	138.46
Adjustments for:		
Depreciation and amortisation expenses	52.21	55.43
Liabilities written back	(0.81)	(11.88)
Loss on discard of property plant and equipment	0.84	-
Provision for doubtful receivables and advances	0.49	2.26
Debit balance written off	0.15	-
Finance costs	86.57	102.14
Interest income	(0.30)	(0.27)
Operating profit before working capital changes	**287.23**	**286.15**
Movements in working capital :		
Increase in other non current assets	(5.84)	(2.23)
(Increase) / decrease in inventories	0.95	(3.00)
Increase in trade receivables	(11.35)	(15.16)
(Increase) / decrease in other current financial assets	(0.06)	0.28
(Increase) / decrease in other non current financial assets	(3.91)	6.46
(Increase) / decrease in other current assets	0.52	(3.35)
Increase / (decrease) in trade payables	6.23	(51.37)
Increase / (decrease) in other non-current financial liabilities	(3.36)	73.88
Increase in other current financial liabilities	0.67	3.20
Increase / (decrease) in other current liabilities	(12.98)	20.68
Increase in provisions	0.70	0.19
Cash generated from operations	**258.80**	**315.72**
Direct taxes paid (net of refunds)	(14.67)	(12.11)
Net cash flow generated in operating activities (A)	**244.13**	**303.61**
B. Cash flows from investing activities		
Payments towards purchase of property, palnt and equipment and capital work in progres	(73.96)	(16.66)
Sale of propety, palnt and equipment	1.10	-
Net cash flow used in investing activities (B)	**(72.86)**	**(16.66)**
C. Cash flows from financing activities		
Repayment of long-term borrowings	(151.65)	(17.50)
Net (investment)/withdrawl during the year	45.63	(151.76)
Interest paid	(73.44)	(85.66)
Lease liability paid	(19.21)	(14.40)
Net cash flow used from financing activities (C)	**(198.67)**	**(269.31)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(27.40)**	**17.62**
Cash and cash equivalents at the beginning of the year	50.49	32.86
Cash and cash equivalents at the end of the year	**23.10**	**50.48**
Cash and cash equivalents include		
Balances with banks	22.50	50.02
Cash on hand	0.60	0.47
Total cash and cash equivalents (refer note 9)	**23.10**	**50.48**

Summary of material accounting policies to Special Purpose carve out financial statements **2**

The accompanying notes are an integral part of the Special Purpose Carve out financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969
Place: Pune
Date: August 30, 2024

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of
Panchshil Infrastructure Holdings Private Limited

Atul Chordia
Director
DIN: 00054998
Place: Pune
Date: August 30, 2024

Sagar Chordia
Director
DIN: 00054123
Place: Pune
Date: August 30, 2024

Panchshil Infrastructure Holdings Pvt. Ltd. * Pune

Panchshil Infrastructure Holdings Private Limited
Special Purpose Careve Out Statement of changes in equity for the year ended for the March 31, 2024
(All amounts are in Indian Rupees million, unless otherwise stated)

A. Equity share capital

Particulars	Amount Rs		in numbers	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	-	-	-	-
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Changes in equity share capital during the year	-	-	-	-
At the end of the year	-	-	-	-

B. Other equity*

	Amount Rs
Balance as at 1 April 2022	(107.76)
Net withdrawal during the year	(151.76)
Profit for the year	92.03
Other comprehensive expenses	(0.64)
Balance as at March 31, 2023	(168.13)
Net investment during the year	45.63
Profit for the year	108.06
Other comprehensive expenses	(0.19)
Balance as at March 31,2024	(14.63)

* represents the difference between the assets and liabilities of Carve Out business of Panchshil Infrastructure Holdings Private Limited being net asset value excluding capital contribution from owner.
The accompanying notes are an integral part of the Special Purpose Carve out financial statement.

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969
Place: Pune
Date: August 30, 2024

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of
Panchshil Infrastructure Holdings Private Limited

Atul Chordia
Director
DIN: 00054998
Place: Pune
Date: August 30, 2024

Sagar Chordia
Director
DIN: 00054123
Place: Pune
Date: August 30, 2024

Panchshil Infrastructure Holdings Pvt. Ltd. * Pune

1. Corporate Information

Panchshil Infrastructure Holdings Private Limited ("the Company") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of real estate development and sale, operation of service apartments and a commercial hotel.

2. Material accounting policies

The material accounting policies applied by the Company in the preparation of its Special Purpose Carve Out Financial Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Special Purpose Carve Out Financial Statements, unless otherwise indicated

2.1 Purpose of preparation of these Special Purpose Carve Out Financial Statements

The Board of Directors of Panchshil Infrastructure Holdings Private Limited ("the Company") approved the transfer of Marriott Suites and Oakwood Residence Hotel including transfer of Business Assets and Liabilities in accordance with the Business Transfer Agreement dated August 06, 2024 (the "Hotel Business") as a going concern with all the related rights, title and interest in and to the Hotel Business.

These Special Purpose Carve Out Financial Statements of the Hotel Business are being prepared:

a)For the purpose of inclusion in the Offer Document to be prepared by Ventive Hospitality Private Limited (formerly known as ICC Realty (India) Private Limited) ("the Issuer"), for filing with Securities and Exchange Board of India ("SEBI"), in connection with the proposed Initial Public Offer ("IPO"), pursuant to the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and accordingly carve out financial information of Hotel Business for the year ended March 31, 2024 have been included. Further, in consultation with SEBI, the Company has voluntarily included carve out financial information of the Hotel Business for the year ended March 31, 2023 and March 31, 2022. As per the management, inclusion of the voluntary carve out financial information would provide relevant and useful information for the aforesaid proposed IPO.

b)For the purpose of preparation of the Unaudited Proforma Financial Information of the Issuer which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed IPO of equity shares of face value of Rs. 1 each of the Issuer.

These Special Purpose Carve Out Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on August 30, 2024.The transfer of Hotel Business is subject to the satisfaction of conditions as stipulated in the Business Transfer Agreement dated August 06, 2024.

2.2. Basis of Preparation of these Special Purpose Carve Out Financial Statements

(i) The Special Purpose Carve Out Financial Statements of the Hotel Business of the Company, which comprises the Special Purpose Carve Out Balance Sheets as at March 31, 2024 and as at March 31, 2023, the Special Purpose Carve Out Statements of Profit and Loss including Other Comprehensive Income, the Special Purpose Carve Out Statements of Cash Flows and the Special Purpose Carve Out Statement ofs Changes in Equity for the years ended March 31, 2024 and March 31,2023, and notes to the Special Purpose Carve Out Financial Statements, including a summary of material accounting policies and other explanatory information (collectively the "Special Purpose Carve Out Financial Statements") have been prepared:

a. taking into consideration the terms of the Business Transfer Agreement dated August 06, 2024;

b. in accordance with Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

Accordingly, the Special Purpose Carve Out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by the Issuer under the terms of the Business Transfer Agreement dated August 06, 2024, being the assumed assets and assumed liabilities for all the years presented.

(ii) The Special Purpose Carve Out Financial Statements have been prepared using basis of preparation and using the accounting principles under the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015, as amended ('Ind AS') on a carve out basis taking into account the specifics to be considered in preparing the Special Purpose Carve Out Financial Statements.
Whilst the financial information included in these Special Purpose Carve Out Financial Statements is in accordance with basis of preparation using Ind AS principles, however, these Special Purpose Carve Out Financial Statements do not include all of the information required for a complete set of Ind AS financial statements.

(iii) The Hotel Business has historically operated as part of the Company and not as a standalone entity. Financial statements representing the operations of the Hotel Business have been derived from the Company's accounting records and are presented on a carve out basis.

(iv) The principal purpose of Special Purpose Carve Out Statements of Profit and Loss is to present the historical operations of the carved out Hotel business and reflect all the costs of doing business and corresponding revenue. Therefore, these Special Purpose Carve Out Statements of Profit and Loss includes the relevant costs and revenue as if the carve out business operated as a separate entity in the periods presented.

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Panchshil Infrastructure Holdings Pvt. Ltd.
Pune

(v) Other equity/Net parent investment, as disclosed in these Special Purpose Carve Out Financial Statements, being net asset value, represents the difference between the assumed assets and liabilities of the Hotel Business of the Company.

(vi) Assets, liabilities, income and expenses recognised in these Special Purpose Carve Out Financial Statements that are directly attributable to the Hotel Business are based on the books of accounts and underlying accounting records maintained by the Company and as per conditions set out in the Business Transfer Agreement dated August XX,2024.

(vii) These Special Purpose Carve Out Financial Statements may not include all the actual expenses that would have been incurred had the carve out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if carve out business had operated as a standalone company would depend on multiple factors, including organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure.

(viii) Therefore, the resulting financial position, financial performance and cash flows in these Special Purpose Carve Out Financial Statements may not be that which might have existed if the carve out business had been a standalone company. Further, the information may not be representative of the financial position, financial performance and cash flows which may prevail after the transaction.

(ix) The Special Purpose Carve Out Financial Statements as presented are not legal entity financial statements and hence, no earnings per share (EPS), basic and diluted, has been computed and disclosed.

(x) The Special Purpose Carve Out Financial Statements have been prepared under the historical cost convention on the accrual basis, except for certain other financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and

(xi) The Special Purpose Financial Statements are Special Purpose Financial Statements prepared solely as per the purpose of preparation. As a result, the Special Purpose Financial Statements may not be suitable for any other purpose. Further, the Special Purpose Financial Statements are not prepared in accordance with the requirements of Schedule III notified under the Companies Act, 2013.

(xii) The Special Purpose Carve Out Financial Statements of the Hotel Business of the Company are presented in INR (Rs.) and all values are rounded to the nearest millions (Rs. 000,000), except when otherwise indicated

2.3. Summary of material accounting policies

a.Significant accounting judgements, estimates and assumptions
The preparation of the Special Purpose Carve Out Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

b.Estimates and assumptions
The Carve out business of the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Company's control. Such changes are reflected in the assumptions when they occur.

c.Current versus non-current
The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as a current asset when it is either:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as a current liability when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets/ (liabilities) are classified as non-current assets/ (liabilities).

The Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

d. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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Panchshil Infrastructure Holdings Pvt. Ltd. * Pune

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes
- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

The Company's management determines the policies and procedures for both recurring fair value measurement, such unquoted financial assets measured at fair value, and for non-recurring measurement, such as non-current assets held for sale.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

e. Revenue Recognition

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. The Company collects goods and service tax on behalf of the government and therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue. The Company applies the revenue recognition criteria to each nature of the revenue transaction as set out below.

(i) Hotel operations - Rooms, Food, Beverage and other allied hotel services including banquet services:

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

In relation to other allied hotel services, the revenue has been recognized by reference to the time of service rendered

Variable Consideration:

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for rendering the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy no. 2.3.m Financial instruments – Financial assets at amortised cost.

Contract liabilities

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

f.Functional currencies

The Company's financial statements are presented in Indian Rupees ('INR'), which is its functional currency and presentation currency; the currency of primary economic environment in which company operates.

Transactions and balances

Initial recognition: Transactions in foreign currency are initially recorded at the functional currency spot rate of exchange at the date the transaction first qualifies for recognition.

Translation and exchange differences

Monetary items: Monetary assets and liabilities denominated in foreign currencies are translated at their respective functional currency exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

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Non-monetary items: Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ('OCI') or profit or loss are also recognised in OCI or profit or loss, respectively).

g.Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the Profit or Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

-when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

-when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

-In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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h.Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any and Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price, directly attributable cost of bringing the asset to its working condition for the intended use and borrowing costs, if the recognition criteria are met.

The cost also include initial estimate of decommissioning, restoring and similar liabilities. Any trade discount or rebate are deducted in arriving at purchase price. Such cost include the cost of replacing parts of property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals; the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation is calculated on a written down value basis using the rates arrived at, based on the management's estimated useful lives. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Assets	Useful lives estimated by the management (years) Hospitality
Buildings	30
Plant and Machinery	5 – 20
Furniture and Fittings	10 – 15
Computers	6
Computers Software	3 – 10
Office Equipment	20
Vehicles	10

Life of the following assets are either lower/higher than those indicated in Schedule II.However, the Managemnt believes that the estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

a. The useful lives of buildings are estimated as 30 years for service apartments. These lives are lower than those indicated in schedule II.
b. Leasehold building has been amortized over the lease period of 30 years.
c.Plant and machinery (including electrical installations) and office equipment are depreciated over the estimated useful lives of 20 years, which are higher than those indicated in schedule II.
d. The useful lives of furniture and fittings are estimated as 10 to 15 years. These lives are higher than those indicated in schedule II.
e. Computers and vehicles are depreciated over the estimated useful lives of 6 years and 10 years respectively, which are higher than those indicated in schedule II.
f. Computer software has different lives ranging between 3-10 years based on their estimated intended usage.

Assets costing less than Rs. 5000 are depreciated @ 100% in the year it is put to use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

i.Leases

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

j.Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.
In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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Accounting of Operating leases: At the date of commencement of the lease, the Company recognises a Right-of-Use asset ("ROU") and a corresponding Lease Liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less Accumulated depreciation and impairment losses, if any. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful lives of the assets, as follows:

Office premises / Office Building : 5 to 10 years

The Lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in 2.3.o Impairment of non-financial assets.

k.Borrowings costs

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

l.Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets i.e. computer software is amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives of 6 years.

m.Financial instruments

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

Financial assets

Classification

Financial assets are classified as subsequently measured at amortised cost, fair value through comprehensive income ('FVOCI') or fair value through other profit or loss ('FVTPL').

Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a) At amortised cost
b) At fair value through Other Comprehensive Income ('FVTOCI')
c) At fair value through profit or loss ('FVTPL')

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Financial assets classified as measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual Cash flows and the contractual terms of the financial asset give rise on specified dates to Cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/ (income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade receivables, security and other deposits receivable by the company.

Financial assets classified as measured at FVOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such instruments are measured at fair value at initial recognition as well as at each reporting date fair value movements are recognised in the Other Comprehensive Income ('OCI'). Interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest earned on such instruments is reported as interest income using the EIR method.

Further, the Company may make an irrevocable election at initial recognition, to classify as FVOCI, particular investments in equity instruments (except equity instruments held for trading) that would otherwise be measured as FVTPL. The Company makes such an election on an instrument-by-instrument basis. Such instruments are measured at fair value on initial recognition as well as at each reporting date. All fair value changes are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on de-recognition. However, the company may transfer the cumulative gain/loss within equity. Dividend received on these equity investments is recorded in the profit and loss statement.

Financial assets classified as measured at FVTPL

A Financial asset shall be measured at FVTPL, unless it is measured at amortised cost or at FVOCI. The Company classifies all equity or puttable financial instruments held for trading as measured at FVTPL. Such instruments are measured at fair value at initial recognition as well as at each reporting date. The fair value changes are recognised in the statement of profit and loss eg mutual fund. Further, the Company may make an irrevocable election to designate a financial asset as FVTPL, at initial recognition, to reduce or eliminate a measurement or recognition inconsistency.

De-recognition

A financial asset (or, where applicable, a part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Company.
- Trade receivables under Ind-AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

The impairment loss/ (gain) is recognised in the statement of profit and loss, except for impairment loss/ (gain) on financial assets measured at FVOCI, which shall be recognised in the OCI.

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