

# Walker Chandiook & Co LLP

Walker Chandiook & Co LLP

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## Independent Auditor's' Report on the Special Purpose Carve-Out Financial Statements for the years ended 31 March 2023 and 31 March 2022

To,  
The Board of Directors of Cessna Garden Developers Private Limited

### Opinion

1. We have audited the accompanying Special Purpose Carve-Out Financial Statements of Aloft Hotel, Transferred Business of Cessna Garden Developers Private Limited ('the Company'), which comprise the Special Purpose Carve-Out Balance Sheets as at 31 March 2023 and 31 March 2022; the Special Purpose Carve-Out Statement of Profit and Loss (including other comprehensive income) and the Special Purpose Carve-Out Statement of Cash Flows for the years ended 31 March 2023 and 31 March 2022, and the notes to the Special Purpose Carve-Out Financial Statements including selected significant accounting policies and other explanatory information (together hereinafter referred to as the "Special Purpose Carve-Out Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Carve-Out Financial Statements have been prepared, in all material respects, in accordance with the basis of preparation described in Note 2.2 to these Special Purpose Carve-Out Financial Statements.

### Basis for Opinion

3. We conducted our audit of the Special Purpose Carve-Out Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ('the Act'). 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 Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Special Purpose Carve-Out Financial Information 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.



Chartered Accountants

Offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Goa, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

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## Emphasis of Matter – Basis of Preparation and Restriction on Distribution and Use

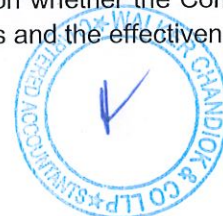
- Without modifying our opinion, we draw attention to Note 2.2 to the accompanying Special Purpose Carve-Out Financial Statements, which describes the basis of its preparation. The Company has entered into Business Transfer Agreement dated 06 August 2024 with Novo Themes Properties Private Limited ('Acquirer'), a subsidiary company of Ventive Hospitality Limited (formerly known as ICC Realty (India) Private Limited) ( the "Issuer") for transfer of Aloft Hotel. These Special Purpose Carve-Out Financial Statements have been prepared by the Company's management solely to enable preparation of Proforma Financial Information by the Issuer for the years ended 31 March 2023 and 31 March 2022 respectively, which will be included in the Draft Red Herring Prospectus ("DRHP") to be filed by the Issuer with Securities and Exchange Board of India (SEBI), BSE Limited and National Stock Exchange of India Limited, pursuant to the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") in connection with the proposed Initial Public Offering of equity shares of the Issuer and therefore, it may not be suitable for another purpose. This report is issued solely for the aforementioned purpose, and for the use by M/s S R B C & CO LLP, Chartered Accountants, the Statutory Auditors of the Issuer in connection with their report on the Compilation of Proforma Financial Information to be included in the DRHP of the Issuer and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

## Responsibilities of Management for the Special Purpose Carve-Out Financial Statements

- The accompanying Special Purpose Carve-Out Financial Statements have been approved by the Company's Board of Directors. The Board of Directors of the Company are responsible for the preparation of these Special Purpose Carve-Out Financial Statements in accordance with the basis of preparation as described in note 2.2 to the Special Purpose Carve-out Financial Statements including determining that such basis of preparation is acceptable in the circumstances. This responsibility includes 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 special purpose carve-out financial statements, in all material aspects, in accordance with the basis of preparation specified in aforementioned note and are free from material misstatement, whether due to fraud or error.
- In preparing the Special Purpose Carve-Out Financial Statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## 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 Standards on Auditing 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.
- As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, 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 controls;
  - 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 whether the Company has in place adequate internal financial controls with reference to financial statements and the effectiveness of the such controls;



# Walker Chandiok & Co LLP

- Evaluate the appropriateness of accounting policies and reasonableness of accounting estimates and related disclosures made by management; and
  - Conclude on the appropriateness of Board of Directors 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 Special Purpose Carve-Out 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.
9. 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.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

  
**Manish Agrawal**

Partner

Membership No.: 507000

UDIN: 24507000BKDHQK2625



Place: Ghaziabad

Date: 29 August 2024

**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**  
**Special Purpose Carve-Out Balance Sheets as at 31 March 2023 and 31 March 2022**  
 (All amounts are in Indian Rupees millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4a	790.10	812.56
Capital work-in-progress	4b	20.54	-
Other intangible assets	4c	4.92	2.94
<b>Financial assets</b>			
Other financial assets	5	40.89	41.15
Other non-current assets	6	25.97	-
<b>Total non-current assets</b>		<b>882.42</b>	<b>856.65</b>
<b>Current assets</b>			
Inventories	7	6.75	5.78
<b>Financial assets</b>			
Trade receivables	8	32.87	8.19
Cash and cash equivalents	9	103.91	38.81
Other financial assets	10	18.91	15.08
Other current assets	11	14.81	6.01
<b>Total current assets</b>		<b>177.25</b>	<b>73.87</b>
<b>Total assets</b>		<b>1,059.67</b>	<b>930.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Other equity	12	(304.50)	(499.45)
<b>Total equity</b>		<b>(304.50)</b>	<b>(499.45)</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	1,157.88	1,282.40
Provisions	14	2.66	1.70
<b>Total non-current liabilities</b>		<b>1,160.54</b>	<b>1,284.10</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	15	124.52	108.35
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises; and		1.80	0.26
Total outstanding dues of creditors other than micro enterprises		54.05	29.04
and small enterprises			
Other financial liabilities	17	4.51	4.85
Other current liabilities	18	18.49	3.14
Provisions	19	0.26	0.23
<b>Total current liabilities</b>		<b>203.63</b>	<b>145.87</b>
<b>Total liabilities</b>		<b>1,364.17</b>	<b>1,429.97</b>
<b>Total equity and liabilities</b>		<b>1,059.67</b>	<b>930.52</b>

Summary of significant accounting policies 3

The accompanying notes form an integral part of the special purpose carve-out financial statements

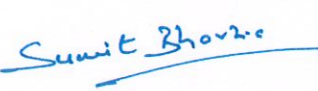
As per our report of even date attached.


For Walker Chandio & Co LLP  
 Chartered Accountants  
 Firm's Registration No: 001076N/N500013

  
**Manish Agrawal**  
 Partner  
 Membership No.: 507000  
 Place: Ghaziabad  
 Date: 29 August 2024



For and on behalf of the board of directors of  
**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

  
**Sumit Bhartia**  
 Director  
 DIN: 07726897  
 Place: Mumbai  
 Date: 29 August 2024

  
**Aaryaman Pankaj Tibrewal**  
 Director  
 DIN: 09694867  
 Place: Mumbai  
 Date: 29 August 2024



**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**  
**Special Purpose Carve-Out Statement of Profit and Loss for the years ended 31 March 2023 and 31 March 2022**  
 (All amounts are in Indian Rupees millions unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>INCOME</b>			
Revenue from operations	20	603.07	159.12
Other income	21	2.18	1.67
<b>Total Income- (I)</b>		<b>605.25</b>	<b>160.79</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	45.95	19.16
Employee benefits expense	23	90.28	41.47
Finance costs	24	117.80	117.48
Depreciation and amortisation expense	25	66.01	75.20
Other expenses	26	239.01	96.00
<b>Total Expenses - (II)</b>		<b>559.05</b>	<b>349.31</b>
<b>Profit/(loss) before tax (III= I-II)</b>		<b>46.20</b>	<b>(188.52)</b>
<b>Tax expense :</b>			
Current tax	27	16.48	-
Deferred tax credit		(1.77)	(3.77)
<b>Total tax expense (IV)</b>		<b>14.71</b>	<b>(3.77)</b>
<b>Net profit/(loss) for the year (V= III-IV)</b>		<b>31.49</b>	<b>(184.75)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in future periods:</b>			
Remeasurements (loss)/gain on the defined benefit plans		(0.10)	1.01
Income tax relating to item that will not be reclassified to profit or loss		0.03	(0.29)
<b>Total other comprehensive (loss)/income for the year, net of tax (VI)</b>		<b>(0.07)</b>	<b>0.72</b>
<b>Total comprehensive income/(loss) for the year (V+VI)</b>		<b>31.42</b>	<b>(184.03)</b>

Summary of significant accounting policies 3  
 The accompanying notes form an integral part of the special purpose carve-out financial statements  
 As per our report of even date attached.

For Walker Chandio & Co LLP  
 Chartered Accountants  
 Firm's Registration No: 001076N/N500013

**Manish Agrawal**  
 Partner  
 Membership No.: 507000  
 Place: Ghaziabad  
 Date: 29 August 2024



For and on behalf of the board of directors of  
**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

**Sumit Bhartia**  
 Director  
 DIN: 07726897  
 Place: Mumbai  
 Date: 29 August 2024

**Aaryaman Pankaj Tibrewal**  
 Director  
 DIN: 09694867  
 Place: Mumbai  
 Date: 29 August 2024



Aloft Hotel (Division of Cessna Garden Developers Private Limited)  
Special Purpose Carve-Out Statement of Cash Flows for the years ended 31 March 2023 and 31 March 2022  
(All amounts are in Indian Rupees millions unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>(A) Cash flows from operating activities :</b>		
Profit/(loss) before tax	46.20	(188.52)
<b>Adjustments for:</b>		
Provision for doubtful receivables and advances	0.61	0.05
Finance costs	117.00	116.60
Amortisation of processing fees	0.83	0.88
Depreciation and amortisation expense	66.01	75.20
Interest income	(2.18)	(1.22)
Exchange loss	1.94	0.56
<b>Operating profit before working capital changes and other adjustments:</b>	<b>230.41</b>	<b>3.55</b>
<b>Working capital changes and other adjustments:</b>		
Inventories	(0.98)	0.22
Trade receivables	(25.28)	(5.24)
Other current and non-current financial assets	(3.56)	(51.98)
Other current assets and non-current assets	(8.80)	2.42
Trade payables	24.61	7.74
Other current and non-current financial liabilities	(0.35)	(1.23)
Other current and non-current liabilities	15.37	2.71
Provisions	0.90	(0.07)
<b>Cash flows from operating activities</b>	<b>232.32</b>	<b>(41.88)</b>
Income taxes paid (net)	(16.48)	-
<b>Net cash flows from operating activities (A)</b>	<b>215.84</b>	<b>(41.88)</b>
<b>(B) Cash flows from investing activities :</b>		
Purchase of property, plant and equipment, capital work in progress and other intangible assets	(92.05)	(3.97)
Interest received	2.18	1.22
<b>Net cash used in investing activities (B)</b>	<b>(89.87)</b>	<b>(2.75)</b>
<b>(C) Cash flows from financing activities :</b>		
Repayment of non-current borrowings	(109.17)	(105.17)
Interest paid	(116.99)	(116.59)
<b>Net cash used in financing activities (C)</b>	<b>(226.16)</b>	<b>(221.76)</b>
<b>Impacts on account of carve out from CGDPL (D)</b>	<b>165.29</b>	<b>263.45</b>
<b>E. Net increase/(decreased) in cash and cash equivalents (A+B+C+D)</b>	<b>65.10</b>	<b>(2.94)</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>	<b>38.81</b>	<b>41.75</b>
<b>G. Cash and cash equivalents at the end of the year (E+F)</b>	<b>103.91</b>	<b>38.81</b>
<b>Notes:</b>		
<b>Component of cash and cash equivalent (refer note 9)</b>		
Balances with banks	58.81	13.71
Cash on hand	0.10	0.10
Bank deposits with original maturity upto three months	45.00	25.00
<b>Total of cash and cash equivalent (refer note 9)</b>	<b>103.91</b>	<b>38.81</b>

Summary of significant accounting policies

The accompanying notes form an integral part of the special purpose carve-out financial statements

As per our report of even date attached.

3

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Place: Ghaziabad

Date: 29 August 2024



For and on behalf of the board of directors of

Aloft Hotel (Division of Cessna Garden Developers Private Limited)

*Sumit Bhartia*

Sumit Bhartia

Director

DIN: 07726897

Place: Mumbai

Date: 29 August 2024

*Aaryaman Pankaj Tibrewal*

Aaryaman Pankaj Tibrewal

Director

DIN: 09694867

Place: Mumbai

Date: 29 August 2024



**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

**Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022**

(All amounts are in Indian Rupees millions unless otherwise stated)

**1 Nature of principal activities**

Cessna Garden Developers Private Limited ("the Company") was incorporated on 12 September, 1995 as a company under the Companies Act, 1956 (the "Act"). The registered office of the Company is "Cessna Business Park, Outer ring road post, Kadubeesanahalli, Bellandur Bangalore - 560103, India". The Company is engaged in the business of real estate development.

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

The Board of Directors of the Company approved the transfer of Aloft Hotel Business including transfer of Business Assets and Liabilities relating to the Aloft Hotel Business in accordance with the Business Transfer Agreement dated 06 August 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 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 Ventive Hospitality Limited (formerly known as ICC Realty (India) Private Limited) (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 29 August 2024. The transfer of Hotel Business is subject to the satisfaction of conditions as stipulated in the Business Transfer Agreement dated 06 August 2024.

**2.2 Basis of preparation of Special Purpose Carve Out Financial Statements**

(i) The Special Purpose Carve Out Financial Statements of the Aloft Hotel ("the Transferred Business") of Cessna Garden Developers Private Limited ("the Company") comprises of the Special Purpose Carve Out Balance Sheets as at 31 March 2023 and 31 March 2022; the Special Purpose Carve Out Statement of Profit and Loss (including Other Comprehensive Income) and the Special Purpose Carve Out Statement of Cash Flows for the years ended 31 March 2023 and 31 March 2022 and the notes to the Special Purpose Carve Out Financial Statements, including selected significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Carve Out Financial Statements").

The Special Purpose Carve-out Financial Statements have been prepared:

- taking into consideration the terms of the Business Transfer Agreement (BTA) dated 06 August 2024 with Novo Themes Properties Private Limited ("Acquirer") a subsidiary company of Ventive Hospitality Limited (formerly known as ICC Realty (India) Private Limited) (the "Issuer");
- as per recognition and measurement principles of Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India; and
- 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").

These Special Purpose Carve-out Financial Statements does not include the Statement of Changes in Equity, comparative financial information for year ended 31 March 2021 and certain other disclosures as required under Ind AS and Schedule III of the Companies Act, 2013.

Accordingly, the Special Purpose Carve Out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by the Acquirer under the terms of the BTA, being the assets, liabilities and litigations, if any, forming part of the said the Transferred Business.

(ii) These Special Purpose Carve-Out Financial Statements have been prepared by the Company's management solely for the purpose of preparation of Proforma Financial Information by the Issuer for the years ended 31 March 2023 and 31 March 2022 for inclusion in the Draft Red Herring Prospectus ("DRHP") which is required to be filed by the Issuer with Securities and Exchange Board of India (SEBI), BSE Limited and National Stock Exchange of India Limited, pursuant to the requirement of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") in connection with the proposed initial public offering of equity shares of face value of Rs 10 each of the Issuer.

(iii) The assumed assets and assumed liabilities, related income and expenses of the Transferred Business have been reported in the Special Purpose Carve Out Financial Statements in accordance with recognition and measurement principles prescribed by Ind AS read with the Guidance Note.

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

(v) The principal purpose of Special Purpose Carve Out statement of Profit and Loss (including other comprehensive income) is to present the historical operations of the carve out business and reflect all the costs of doing business and corresponding revenue. Therefore, these Special Purpose Carve Out Statement 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.

(vi) Owner's net investment, as disclosed in these Special Purpose Carve Out Financial Statements, being other equity, represents the difference between the assumed assets and liabilities of the Transferred Business.

(vii) Assets, liabilities, income and expenses recognised in these Special Purpose Carve Out Financial Statements that are directly attributable to the Transferred Business are based on the books of accounts and underlying accounting records maintained by the Company and as per conditions set out in the BTA.

(viii) 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.

Therefore, the resulting financial position and financial performance 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 and financial performance 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.



**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

**Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022**

(All amounts are in Indian Rupees millions unless otherwise stated)

(xi) 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).

(x) The Company has identified the number of employees which would be transferred as part of the transferred business and have accounted the post-employment benefits i.e. leave encashment and Gratuity have been accounted, accordingly giving effect of the terms of the BTA.

(xii) Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expense has been determined for the Transferred Business as if the carve-out business is a separate taxable entity.

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

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

(xv) The Special Purpose Carve Out Financial Statements have been prepared by the management of the Company in accordance with BTA dated 6 August 2024. Accordingly, any reference to the Company throughout the significant accounting policies and subsequent notes to the Special Purpose Carve Out Financial Statement is to be considered as reference to the transferred business of the Company.

**3 Summary of significant accounting policies**

**a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in 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 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.

A liability is current when:

- It is expected to be settled in 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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

**b) Business combinations and asset acquisition**

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred by the former owners of the acquired business. Acquisition costs are generally recognized in the statement of profit and loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is initially measured as excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred and where exists clear evidence of underlying reasons of classifying business combinations as bargain purchase, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

For acquisition of assets which do not meet the definition of a business, the consideration transferred is allocated to the assets and liabilities in proportion to the acquisition date fair values.



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Aloft Hotel (Division of Cessna Garden Developers Private Limited)

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

c) **Property, Plant and Equipment and Capital Work in Progress**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of 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 profit or loss as incurred.

Depreciation is calculated on a written down value method basis over the estimated useful lives of the assets as follows:

Asset class	Useful life
Building	10 - 58 years
Office Equipment	10 - 20 years
Plant and Machinery	10 - 20 years
Furniture and fixtures	10 - 15 years
Vehicles	10 years
Computers and Accessories	6 years

The Company reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

d) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is calculated on a written down value method over the estimated useful lives of the intangible assets as follows:

Asset class	Useful life
Computer software	6 years

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition 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.

e) **Revenue recognition**

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services (transaction price). The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them 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.

*Recognition of revenue from room rentals, food, beverages, maintenance income and other allied*

Revenues from the room rentals during a guest's stay at the hotel is recognised based on occupation and revenue from sale of food and beverages and other allied services, as the services are rendered.

Membership fee is recognised on a straight line basis over the period of membership.



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(All amounts are in Indian Rupees millions unless otherwise stated)

*Service income*

Other operating income is recognised as and when services are completely rendered and right to receive money has been established, except in cases where ultimate collection is considered doubtful.

*Interest income*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

*Contracts assets*

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

*Trade receivables*

A receivable is recognised if 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 policies of financial assets in Financial Instruments – initial recognition and subsequent measurement.

*Contract liabilities*

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its obligations under the contract.

**f) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**g) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of ten years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the tenth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**h) Functional currency**

*Functional and presentation currency*

The Financial Statements are presented in INR, which is also the Company's functional currency and the currency of the primary economic environment in which the Company operates.

*Transactions and balances*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.



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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

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**i) Financial instruments**

**(i) Financial assets**

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

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

*Subsequent measurement*

**Debt instruments at amortised cost** – A 'debt instrument' is measured at the amortised cost if both the followings conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

*De-recognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Company 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**(ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent measurement*

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method. This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

*De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



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(All amounts are in Indian Rupees millions unless otherwise stated)

**j) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company factors historical trends and forward looking information to assess expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*Trade receivables*

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 (provision matrix approach), which requires measurement of expected credit loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

*Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition, if the financial asset is determined to have low credit risk at the balance sheet date.

**k) Income taxes**

Tax expense recognised in Statement of Profit and Loss comprises the sum of current tax and deferred tax except the ones recognised in other comprehensive income or directly in equity. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. 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. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses. 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.

**l) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**m) Employee benefits**

*Defined contribution plan*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company's contributions towards provident fund are deposited with the regional provident fund commissioner under a defined contribution plan.

*Defined benefit plan*

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Standalone statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.



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(All amounts are in Indian Rupees millions unless otherwise stated)

*Other long-term employee benefits*

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. This is as per the policy of the Company. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Profit and Loss in the year in which such gains or losses arise. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

*Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**n) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are disclosed only when inflow of economic benefits therefrom is probable and recognized only when realization of income is virtually certain.

**o) 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, 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

**p) Statement of Cash flows**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

For the purpose of the Statement of Cash Flow, cash and cash equivalents consist of cash at banks and on hand, cheques on hand and short-term deposits, as defined above.

**q) Inventories**

Inventory comprises of stock of food and beverages and operating supplies and is carried at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing the goods to the point of sale and is determined on a Weighted Average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

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Aloft Hotel (Division of Cessna Garden Developers Private Limited)

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

r) **Use of judgements and estimates**

The preparation of the financial statements in conformity with the Ind AS requires the Management to make estimates and assumptions for arriving at the reported amounts of assets, liabilities, income and expenses, accounting disclosure and the disclosure of contingent liability for the year. Actual results may differ from these estimates. Management believes that these estimates used in the preparation of the financial statements are prudent and reasonable.

Estimated and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements as follows:

**Evaluation of indicators for impairment of non financial assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

**Provisions and contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, actual future outcome may be different from this judgement.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Fair value measurement** - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

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**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**  
**Notes to Special Purpose Carry-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022**  
 (All amounts are in Indian Rupees millions unless otherwise stated)

**4 a) Property, plant and equipment**

Particulars	Freehold land	Buildings	Office equipment	Furniture and fixtures	Vehicles	Plant and machinery	Computers	Total
<b>Gross block</b>								
Balance as at 01 April 2021	76.42	776.86	14.21	651.81	22.20	6.06	10.57	1,558.13
Additions	-	-	-	-	-	-	0.07	0.07
Disposals	-	0.46	0.20	0.25	0.19	0.35	0.37	1.82
Balance as at 31 March 2022	76.42	777.32	14.41	652.06	22.39	6.41	11.01	1,560.02
Additions	-	33.68	3.04	0.21	-	2.17	2.72	41.82
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	76.42	811.00	17.45	652.27	22.39	8.58	13.73	1,601.84
<b>Accumulated depreciation</b>								
Balance as at 01 April 2021	-	201.63	4.87	451.35	10.68	0.36	5.57	674.46
Charge for the year	-	28.97	1.33	36.33	3.03	0.84	2.80	73.30
Deletion for the year	-	(0.10)	-	-	-	-	(0.20)	(0.30)
Balance as at 31 March 2022	-	230.50	6.20	487.68	13.71	1.20	8.17	747.46
Charge for the year	-	28.28	1.37	29.76	2.25	0.93	1.69	64.28
Deletion for the year	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	258.78	7.57	517.44	15.96	2.13	9.86	811.74
<b>Net block</b>								
Net block as at 31 March 2022	76.42	546.82	8.21	164.38	8.68	5.21	2.84	812.56
Net block as at 31 March 2023	76.42	552.22	9.88	134.83	6.43	6.45	3.87	790.10

**Assets pledged as security and restriction on titles**

Freehold land and building with carrying amount of 31 March 2023: Rs. 628.64 millions, 31 March 2022: Rs. 623.24 millions have been pledged to secure borrowings of the Company under a mortgage (Refer 13)



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Aloft Hotel (Division of Cessna Garden Developers Private Limited)

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**b) Capital work-in-progress**

The changes in the carrying value of Capital work-in-progress for the year ended 31 March 2022 and 31 March 2023:

Particulars	Building	Total
<b>Gross block</b>		
Balance as at 01 April 2021	-	-
Addition for the year	-	-
Capitalised during the year	-	-
<b>Balance as at 31 March 2022</b>	-	-
Addition for the year	54.22	54.22
Capitalised during the year	(33.68)	(33.68)
<b>Balance as at 31 March 2023</b>	<b>20.54</b>	<b>20.54</b>

**c) Other intangible assets**

Particulars	Computer software	Total
<b>Gross block</b>		
Balance as at 01 April 2021	7.35	7.35
Addition for the year	-	-
Disposals	-	-
<b>Balance as at 31 March 2022</b>	<b>7.35</b>	<b>7.35</b>
Addition for the year	3.72	3.72
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>11.07</b>	<b>11.07</b>
<b>Accumulated depreciation</b>		
Balance as at 01 April 2021	2.51	2.51
Charge for the year	1.90	1.90
<b>Balance as at 31 March 2022</b>	<b>4.41</b>	<b>4.41</b>
Charge for the year	1.73	1.73
<b>Balance as at 31 March 2023</b>	<b>6.14</b>	<b>6.14</b>
<b>Net block</b>		
Net block as at 31 March 2022	2.94	2.94
Net block as at 31 March 2023	4.92	4.92

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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**5 Other financial assets - non-current**

Particulars	As at	
	31 March 2023	31 March 2022
<b>At Amortized cost</b>		
Security deposits	2.89	3.15
Bank deposits with maturity of more than twelve months*	38.00	38.00
	<b>40.89</b>	<b>41.15</b>

\*Includes 31 March 2023: Rs. 38.00 million, 31 March 2022: Rs. 38.00 million held as margin money or security against the borrowings, guarantees, other commitments.

**6 Other non current assets**

Particulars	As at	
	31 March 2023	31 March 2022
Capital advances	25.97	-
	<b>25.97</b>	<b>-</b>

**7 Inventories (lower of cost and net realisable value)**

Particulars	As at	
	31 March 2023	31 March 2022
Stock of raw materials:		
Food and beverages *	6.75	5.78
	<b>6.75</b>	<b>5.78</b>

\*Inventories have been pledged with bank against loan facility, for details (refer note 13a)

**8 Trade receivables**

Particulars	As at	
	31 March 2023	31 March 2022
<b>At Amortized cost</b>		
<b>From parties other than related parties</b>		
Unsecured, considered good*	32.87	8.19
Unsecured credit impaired	0.79	0.18
Sub total	33.66	8.37
Less : Allowance for credit impaired	(0.79)	(0.18)
<b>Total Trade Receivables</b>	<b>32.87</b>	<b>8.19</b>

\*Trade receivables have been hypothecated with banks against term loan, for details (refer note 13a)

The Company does not have any trade receivable which are either credit impaired or where there is significant increase in credit except the one already provided for.

**Movement in expected credit loss allowance is given below:**

Particulars	As at	
	31 March 2023	31 March 2022
Balance at the beginning of the year	0.18	0.13
Additions during the year, net	0.61	0.05
Reversal during the year, net	-	-
Balance at the end of the year	<b>0.79</b>	<b>0.18</b>

**Notes :**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 32

The Company does not have any trade receivable which are either credit impaired or where there is significant increase in credit except the ones already provided for.

**9 Cash and cash equivalents**

Particulars	As at	
	31 March 2023	31 March 2022
<b>At Amortized cost</b>		
Balances with banks	58.81	13.71
Cash on hand	0.10	0.10
Bank deposits with original maturity less than three months	45.00	25.00
	<b>103.91</b>	<b>38.81</b>

**10 Other financial assets - current**

Particulars	As at	
	31 March 2023	31 March 2022
<b>At Amortized cost - Unsecured, considered good</b>		
Security deposits	1.03	0.66
Unbilled revenue	17.51	14.05
Interest accrued but not due on deposits	0.37	0.37
	<b>18.91</b>	<b>15.08</b>



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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**11 Other current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Prepaid expenses	3.08	4.03
Advance to suppliers	11.73	1.98
	<b>14.81</b>	<b>6.01</b>

**12 Other equity**

Particulars	As at 31 March 2023	As at 31 March 2022
Other equity	(304.50)	(499.45)

**13 Borrowings - Non-current**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>At amortised cost</b>		
<b>Term loans (Secured)</b>		
- From banks (refer note below)	1,282.40	1,390.75
Less: Current maturities of long-term debt (amount included under borrowings - current (Refer note 15))	(124.52)	(108.35)
	<b>1,157.88</b>	<b>1,282.40</b>

Information about the Company's exposure to interest rate and liquidity risks is included in note 31 and 32

Details of securities, repayment and interest of secured term loans (including current maturities of long-term debt) as at 31 March 2023 and 31 March 2022

**13a For loan with sanction amount of INR 1,500 million from ICICI Bank**

Secured Term loans (including current maturities of long-term debt) borrowed from ICICI Bank as at 31 March 2023 is INR 1,282.40 million and as at 31 March 2022 is INR 1,390.75 million.

**a) Primary Security :**

The loan facility is secured by first charge over Hotel land and Building carrying value of 31 March 2023: INR 76.42 million (as at 31 March 2022: INR 76.42 million) and 31 March 2023: INR 552.21 million (as at 31 March 2022: INR 546.82 million) situated at Cessna Business Parks, Outer Ring road, Bangalore.

Hypothecation of all the movable fixed assets, current assets including receivables of the hotel situated at Cessna Business Parks, Outer Ring road, Bangalore.

**b) Collateral Security :**

DSRA equivalent to 1 quarter instalment and 1 month interest.

**c) Repayment terms and interest rate :**

Repayable in 47 quarterly instalments starting from 30 April 2018 and to be settled by 30 April 2030. Rate of interest is 1 year marginal cost of funds based lending rate (1 year MCLR) plus 0.70% spread. As at 31 March 2023, interest rate is 9.35% per annum and as at 31 March 2022 is 7.95% per annum.

d) There are no defaults in repayment of principal or interest to lenders as at 31 March 2023 and 31 March 2022.

**13b Reconciliation of movements of liabilities to cash flows arising from financing activities**

Particulars	Non-current borrowings (including current maturities)	Current borrowings	Interest accrued	Total
Balance as at 01 April 2021	1,495.04	-	-	1,495.04
Interest paid	-	-	(116.59)	(116.59)
Interest expense	-	-	116.59	116.59
Loan processing fee adjustment	0.88	-	-	0.88
Principal repayment	(105.17)	-	-	(105.17)
<b>Balance as at 31 March 2022</b>	<b>1,390.75</b>	<b>-</b>	<b>-</b>	<b>1,390.75</b>
Balance as at 01 April 2022	1,390.75	-	-	1,390.75
Interest paid	-	-	(116.99)	(116.99)
Interest expense	-	-	116.99	116.99
Loan processing fee adjustment	0.83	-	-	0.83
Principal repayment	(109.17)	-	-	(109.17)
<b>Balance as at 31 March 2023</b>	<b>1,282.40</b>	<b>-</b>	<b>-</b>	<b>1,282.40</b>



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(All amounts are in Indian Rupees millions unless otherwise stated)

<b>14 Provisions - Non-current</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
Provision for employee benefits (refer note 29)			
- Gratuity	1.49		1.24
- Compensated absences	1.17		0.46
	<u>2.66</u>		<u>1.70</u>
<b>15 Borrowings - current</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
At amortised cost			
Current maturities of long-term debt (Secured) - refer note 13	124.52		108.35
	<u>124.52</u>		<u>108.35</u>
<b>16 Trade payables</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
At amortised cost			
-Total outstanding dues of micro enterprises and small enterprises; and	1.80		0.26
-Total outstanding dues of creditors other than micro enterprises and small enterprises	54.05		29.04
	<u>55.85</u>		<u>29.30</u>
All trade payables are current in nature. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 32			
<b>17 Other financial liabilities - current</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
At amortised cost			
Interest accrued but not due on borrowings	0.33		-
Other payables	4.18		4.85
	<u>4.51</u>		<u>4.85</u>
<b>18 Other current liabilities</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
Advance from customers	9.87		1.65
Statutory dues	8.62		1.49
	<u>18.49</u>		<u>3.14</u>
<b>19 Provisions - current</b>			
Particulars	As at		As at
	31 March 2023	31 March 2022	31 March 2022
Provision for employee benefits (refer note 29)			
-Gratuity	0.08		0.11
-Compensated absences	0.18		0.12
	<u>0.26</u>		<u>0.23</u>

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Aloft Hotel (Division of Cessna Garden Developers Private Limited)

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

20 Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of services		
Room revenue	418.28	97.66
Other hotel services including food and beverages, banquet income and membership fees	184.79	61.46
	<b>603.07</b>	<b>159.12</b>

21 Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income		
On bank deposits	2.18	1.22
Miscellaneous income	-	0.45
	<b>2.18</b>	<b>1.67</b>

22 Cost of materials consumed

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cost of food and beverages consumed		
Inventory at the beginning of the year	5.78	6.42
Add: Purchases	46.92	18.52
	<b>52.70</b>	<b>24.94</b>
Less: Inventory at the end of the year	(6.75)	(5.78)
Cost of food and beverages consumed	<b>45.95</b>	<b>19.16</b>

23 Employee benefits expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	66.25	32.77
Contribution to provident and other funds (refer note 29)	4.19	2.44
Gratuity expense (refer note 29)	0.76	0.72
Staff welfare expenses	19.08	5.54
	<b>90.28</b>	<b>41.47</b>

24 Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on borrowings	108.13	115.40
Other borrowing cost	9.67	2.08
	<b>117.80</b>	<b>117.48</b>

25 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment (refer note 4a)	64.28	73.30
Amortisation of intangible assets (refer note 4c)	1.73	1.90
	<b>66.01</b>	<b>75.20</b>

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**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**26 Other expenses**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Advertisement and sales promotion	33.49	9.67
Repairs and maintenance		
Buildings	23.68	7.71
Plant and machinery	5.13	4.26
Power, fuel and light	47.24	22.44
Rent	0.68	0.14
Insurance charges	1.79	2.53
Rates and taxes	6.77	5.58
Linen, laundry and cleaning	22.63	10.23
Legal and professional fees	63.06	15.61
Internet, telephone and other operating supplies	3.70	1.00
Printing and stationery	4.19	0.87
Exchange loss (net)	1.94	0.56
Provision for doubtful receivables and advances	0.61	0.05
Software subscriptions and licence fee	9.52	7.88
Miscellaneous expenses	14.58	7.47
	<b>239.01</b>	<b>96.00</b>

**27 Tax expenses**

**a Income tax recognised in Statement of Profit and Loss**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Current tax</b>		
In respect of the current tax	16.48	-
In respect of prior years	-	-
	<b>16.48</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1.77)	(3.77)
Deferred tax in respect of earlier years	-	-
<b>Total deferred tax expense</b>	<b>(1.77)</b>	<b>(3.77)</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>14.71</b>	<b>(3.77)</b>

**b Reconciliation of tax expense and accounting profit**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(loss) before tax	46.20	(188.52)
Applicable tax rate	29.12%	29.12%
<b>Income tax expense at applicable tax rate</b>	<b>13.45</b>	<b>(54.90)</b>
Adjustment on account of :		
Permanent differences	1.26	51.13
	<b>1.26</b>	<b>51.13</b>
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>14.71</b>	<b>(3.77)</b>



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**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**28 Contingent liabilities and capital commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	26.57	17.95

Aloft Hotel (Division of Cessna Garden Developers Private Limited) does not have any contingent liability as at 31 March 2023 and 31 March 2022.

**29 Employee benefit plans**

**(i) Defined Contribution Plans :**

The Company has made 31 March 2023: Rs 4.19 millions, 31 March 2022: Rs 2.44 millions contribution in respect of provident fund in during the year.

**Gratuity and compensated absences**

The Company has the defined benefit plans for gratuity and other long term benefit plan for compensated absences.

**Risks associated with plan provisions**

The defined benefit plan typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Discount rate risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual death and liability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawal risk	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.
Salary risk	Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

**ii) Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan. The weighted average duration of defined benefit obligation is 31 March 2023: 7.30 years, 31 March 2022: 11 years.

**a. Amount recognised in the statement of profit and loss is as under:**

Particulars	Rs. In million	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	0.67	0.53
Interest cost	0.09	0.19
<b>Expense recognized in the statement of profit and loss</b>	<b>0.76</b>	<b>0.72</b>
<b>Actuarial loss recognised in other comprehensive income</b>		
Actuarial loss/ (gain) on arising from the change of experience	0.17	(1.01)
Actuarial (gain) / loss for changes in financial assumptions	(0.07)	-
Actuarial (gain) / loss due to experience adjustments	-	-
<b>Actuarial loss/(gain) on arising from the change of experience</b>	<b>0.10</b>	<b>(1.01)</b>
<b>Total components of defined benefit cost for the year</b>	<b>0.86</b>	<b>(0.28)</b>

**b. Movement in the liability recognized in the balance sheet is as under:**

Particulars	As at	As at
	31 March 2023	31 March 2022
Present value of defined benefit obligation at the beginning of the year	1.35	2.80
Current service cost	0.67	0.53
Interest cost	0.09	0.19
Actuarial loss/(gain) due to experience adjustments	0.10	(1.01)
Benefits paid	(0.64)	(1.18)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1.57</b>	<b>1.35</b>

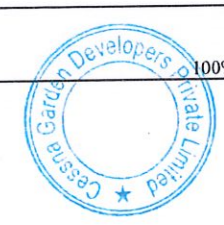
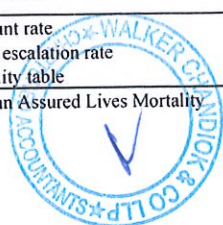
**c. Bifurcation of projected benefit obligation at the end of the year in current and non-current**

Particulars	As at	As at
	31 March 2023	31 March 2022
Current liability (amount due within one year)	0.08	0.11
Non - current liability (amount due over one year)	1.49	1.24

**d. For determination of the liability of the Company, the following actuarial assumptions were used:**

Particulars	As at	As at
	31 March 2023	31 March 2022
Discount rate	7.36%	6.80%
Salary escalation rate	6.00%	6.00%
Mortality table	100% of IALM* 2012-14	100% of IALM* 2012-14

\* Indian Assured Lives Mortality



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(All amounts are in Indian Rupees millions unless otherwise stated)

As the Company does not have any plan assets, the movement of present value of defined benefit obligation and fair value of plan assets has not been presented.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are based on the yields/rates available on applicable bonds as on the valuation date. The assumptions used in this report, other than the rates of mortality, are the expectations of the Company for future years.

Particulars	Rs. In million	
	As at 31 March 2023	As at 31 March 2022
<b>Sensitivity analysis for gratuity liability</b>		
<b>A) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	1.57	1.35
a) Impact due to increase of 1 %	(0.16)	(0.14)
b) Impact due to decrease of 1 %	0.17	0.14
<b>B) Impact of the change in salary growth rate</b>		
Present value of obligation at the end of the year	1.57	1.35
a) Impact due to increase of 1 %	0.17	0.14
b) Impact due to decrease of 1 %	(0.16)	(0.14)
<b>C) Impact of the change in attrition rate</b>		
Present value of obligation at the end of the year	1.57	1.35
a) Impact due to increase of 1 %	(0.06)	(0.06)
b) Impact due to decrease of 1 %	0.06	0.04

Sensitivities due to mortality and withdrawal are not material and hence impact of change not disclosed.

**Maturity profile of defined benefit obligation**

Year	Rs. In million	
	As at 31 March 2023	As at 31 March 2022
0 to 1 year	0.08	0.11
2 to 5 years	0.37	0.41
6 to 10 years	0.37	0.54
More than 10 years	0.76	0.30

**(iii) Compensated absences**

The leave obligation covers the Company's liability for permitted leaves.

Based on past experience, the Company does not expect all employees to take the full amount of accrued leaves or require payment within the next 12 months, therefore based on the independent actuarial report the amount of provision of 31 March 2023: Rs 1.17 million, 31 March 2022: Rs 0.46 million is presented as non-current and 31 March 2023: Rs 0.18 million, 31 March 2022: Rs 0.12 million is presented as current. The weighted average duration of defined benefit obligation is 31 March 2023: 7.30 years. 31 March 2022: 7 years.

**Amount recognised in the statement of profit and loss is as under:**

Particulars	Rs. In million	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>a. Components of defined benefit cost</b>		
Current service cost	1.02	0.48
Interest expenses net	0.04	0.01
Actuarial loss during the year	0.15	0.24
<b>Expense recognized in the statement of profit and loss</b>	<b>1.21</b>	<b>0.73</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

**b. Movement in the liability recognized in the balance sheet is as under:**

Particulars	Rs. In million	
	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation at the beginning of the year	0.58	0.21
Current service cost	1.02	0.48
Interest cost	0.04	0.01
Total actuarial loss on obligation	0.15	0.24
Benefits paid	(0.45)	(0.36)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1.34</b>	<b>0.58</b>

**c. Bifurcation of projected benefit obligation at the end of the year in current and non-current**

Particulars	Rs. In million	
	As at 31 March 2023	As at 31 March 2022
Current liability (amount due within one year)	0.18	0.12
Non-current liability (amount due over one year)	1.17	0.46



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(All amounts are in Indian Rupees millions unless otherwise stated)

d. For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	As at	As at
	31 March 2023	31 March 2022
Discount Rate	7.36%	6.80%
Salary escalation rate	6.00%	6.00%
Mortality table	100% of IALM* 2012-14	100% of IALM* 2012-14

\* Indian Assured Lives Mortality

As the Company does not have any plan assets, the movement of present value of defined benefit obligation and fair value of plan assets has not been presented.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are based on the yields/rates available on applicable bonds as on the valuation date. The assumptions used in this report, other than the rates of mortality, are the expectations of the Company for future years.

Sensitivity analysis for compensated absences liability

Particulars	Rs. In million	
	As at 31 March 2023	As at 31 March 2022
<b>Impact on defined benefit obligation:</b>		
<b>A) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	1.34	0.58
a) Impact due to increase of 1 %	(0.12)	(0.04)
b) Impact due to decrease of 1 %	0.13	0.04
<b>B) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	1.34	0.58
a) Impact due to increase of 1 %	0.13	0.04
b) Impact due to decrease of 1 %	(0.12)	(0.04)
<b>C) Impact of the change in attrition rate</b>		
Present value of obligation at the end of the year	1.34	0.58
a) Impact due to increase of 1 %	0.00	0.00
b) Impact due to decrease of 1 %	(0.00)	(0.00)

Sensitivities due to mortality and withdrawal are not material and hence impact of change not disclosed.

Maturity profile of defined benefit obligation

Year	As at	As at
	31 March 2023	31 March 2022
0 to 1 year	0.18	0.12
2 to 5 years	0.42	0.27
6 to 10 years	0.21	0.19
More than 10 years	0.53	0.00



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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**30 Details of hedged and unhedged exposure in foreign currency denominated monetary items :**

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Foreign currency exposures which are not hedged by a derivative instrument or otherwise as at 31 March 2023 and 31 March 2022:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount (Rs million)	Amount (US \$ million)	Amount (Rs million)	Amount (US \$ million)
Due to creditors	22.14	0.27	14.48	0.19

**31 Financial instruments - risk management**

**i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

**ii) Financial instruments by category**

Particulars	Level	As at 31 March 2023		As at 31 March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets measured at amortized cost</b>					
Trade receivables	Level 3	32.87	32.87	8.19	8.19
Cash and cash equivalents	Level 3	103.91	103.91	38.81	38.81
Other financial assets	Level 3	59.80	59.80	56.23	56.23
<b>Total</b>		<b>196.57</b>	<b>196.57</b>	<b>103.23</b>	<b>103.23</b>
<b>Financial liabilities measured at amortized cost#</b>					
Borrowings - including current maturities	Level 3	1,282.40	1,282.40	1,390.75	1,390.75
Trade payables	Level 3	55.85	55.85	29.30	29.30
Other financial liabilities	Level 3	4.51	4.51	4.85	4.85
<b>Total</b>		<b>1,342.76</b>	<b>1,342.76</b>	<b>1,424.89</b>	<b>1,424.89</b>

The management assessed that fair value of financial assets such as cash and cash equivalents, trade receivables and other financials assets and all the financials liabilities significantly approximate their carrying amounts due to nature and short term maturities of these instruments.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair value of loans from banks, security deposits and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair value of floating rate borrowings are determined by using DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period. As the Company's interest rates changes with the change in market interest rate, there is no material difference in carrying value and fair value. The own non performance risk as at 31 March 2023 and 31 March 2022 was assessed to be insignificant.

**32 Financial instruments - risk management**

**Risk management framework**

The Company's Board of Directors (Board) have overall responsibility for the establishment and oversight of Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and its activities.

The Company's Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of the Company is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The Company has exposure to the following risks arising from financial instruments: credit risk (refer note (a) below); liquidity risk (refer note (b) below); market risk (refer note (c) below).

**A Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities and other financial instruments.

The Company has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Company's Board before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees, corporate guarantees or cash security deposits are obtained upon the commencement of the lease.

The Company has established a policy for performing an impairment analysis which represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties. The allowance account is used to provide for impairment losses. Subsequently when the Company's management is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable, and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

**a) Credit risk management**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of

**Cash and cash equivalents**

Credit risk related to cash and cash equivalents and bank deposits is managed by only investing in deposits with highly rated banks and financial institutions and diversifying bank deposits and accounts in different banks. Credit risk is considered low because the Company deals with highly rated banks and financial institution.

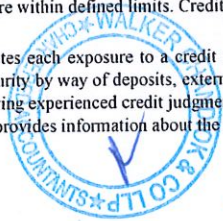
**Other financial assets**

Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place to ensure the amounts are within defined limits. Credit risk is considered low because the Company is in possession of the underlying asset or as per trade experience.

**Trade receivables**

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to past payment history, security by way of deposits, external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.



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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and (All amounts are in Indian Rupees millions unless otherwise stated)

**b) Credit risk exposure**

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets:

**As at 31 March 2023**

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	33.66	(0.79)	32.87
Cash and cash equivalents	103.91	-	103.91
Other financial assets	59.80	-	59.80

**As at 31 March 2022**

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	8.37	(0.18)	8.18
Cash and cash equivalents	38.81	-	38.81
Other financial assets	56.23	-	56.23

In respect of trade receivables, the Company considers provision for expected credit loss amounting to 31 March 2023 : Rs 0.79 millions, 31 March 2022 : Rs 0.18 millions.

**B Liquidity risk**

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

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Borrowings of the company are the lease rental discounting loans where the servicing of the debt is backed by monthly lease rentals received from tenants through escrow mechanism, thereby mitigating the exposure to liquidate the risks.

**Maturities of financial liabilities**

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

As at 31 March 2023	Less than 1 year	1 to 5 Years	Above 5 Years	Total
<b>Non-derivatives</b>				
Borrowings - including current maturities	239.12	975.23	551.58	1,765.93
Trade payables	55.85	-	-	55.85
Other financial liabilities	4.51	-	-	4.51
<b>Total</b>	<b>299.48</b>	<b>975.23</b>	<b>551.58</b>	<b>1,826.29</b>

As at 31 March 2022	Less than 1 year	1 to 5 Years	Above 5 Years	Total
<b>Non-derivatives</b>				
Borrowings - including current maturities	233.51	986.60	780.08	2,000.22
Trade payables	29.30	-	-	29.31
Other financial liabilities	1.85	-	-	4.85
<b>Total</b>	<b>267.69</b>	<b>986.59</b>	<b>780.08</b>	<b>2,034.38</b>

**Market risk**

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

**i) Currency risk**

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange receivables/payables.

Foreign currency risk exposure:

Particulars	Currency	31 March 2023	31 March 2022
Trade payables	USD	22.14	14.48

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Currency	Exchange rate increase by 1%		Exchange rate decrease by 1%	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
Trade payables	USD	0.22	0.14	(0.22)	(0.14)

**ii) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The exposure of the Company's borrowing to interest rate changes at the end of the year are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Variable rate borrowings	1,282.40	1,390.75
<b>Total Borrowings</b>	<b>1,282.40</b>	<b>1,390.75</b>

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit/loss by the amounts as under:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest rates - increase by 100 basis points	12.82	13.91
Interest rates - decrease by 100 basis points	(12.82)	(13.91)

Aloft Hotel (Division of Cessna Garden Developers Private Limited)

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Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and (All amounts are in Indian Rupees millions unless otherwise stated)

**Related party transactions**

**33 Names of related parties and description of relationship**

**i) A. Controlling enterprise**

BREP Asia II Indian Holding Co VII (NQ) PTE.Ltd

**B. Enterprises under common management where transaction exists**

Exora Business Park Private Limited (formerly know as Pluto Cessna Business Parks Private Limited)

**C. Key management personnel:**

Vikram Garg, Director (w.e.f. 9 March 2021 to 29 September 2021)

Shravan Sharma, Director (w.e.f. 9 March 2021 to 29 September 2021)

Abhishek Govind Patil, Director (w.e.f. 9 March 2021 upto 30 January 2023)

Nikhil Pradeep Jalan, Director (w.e.f. 9 March 2021)

Sumit Bhartiya, Director (w.e.f. 29 September 2021)

Srejan Goyal, Director (w.e.f. 29 September 2021)

Aaryaman Pankaj Tibrewal, Director (w.e.f. 30 January 2023)

**(i) Details of Related Party Transactions and Balances**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Transactions during the year</b>		
<b>Purchase/Sale of Goods and services</b>		
<i>Company under common management</i>		
Exora Business Park Private Limited - Sale of food	0.00	0.75
Exora Business Park Private Limited - Water and Other recovery	2.76	2.63

**(ii) Outstanding balances as at the year end**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Receivables/(Payables)</b>		
<i>Company under common management</i>		
Exora Business Park Private Limited - receivable	0.63	0.45



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**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

Notes to Special Purpose Carve-Out financial statements including selected significant accounting policies and other explanatory information for the years ended 31 March 2023 and 31 March 2022

(All amounts are in Indian Rupees millions unless otherwise stated)

**34 Disclosures required under Ind AS 115 "Revenue from contract with customers"**

**a) Contract balances**

The following table provides information about receivables and contract liabilities from contract with customers:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade receivables including contract assets (refer note 8)	32.87	8.19
Unbilled revenue which are included in other financial assets (refer note 10)	17.51	14.05
<b>Total contract assets</b>	<b>50.38</b>	<b>22.24</b>
<b>Contract liabilities</b>		
Advance from customers (refer note 18)	9.87	1.65
<b>Total contract liabilities</b>	<b>9.87</b>	<b>1.65</b>

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets (unbilled receivables) are transferred to receivables when the rights become unconditional and contract liabilities are recognised as and when the performance obligation is satisfied.

**b) Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue as per contract price	603.07	159.12
Adjustments (if any)	-	-
	<b>603.07</b>	<b>159.12</b>

**c) The Company raises invoices as per the terms of the contract, upon which the payment is due to be made by the customers.**

As per the terms of the service contracts with the customers, the Company has right to consideration from customers in an amount that directly corresponds with the value to the customers of the Company's performance obligation completed till date. Accordingly, the Company has used the practical expedient under Ind AS 115 'Revenue from contracts with customers' and has disclosed information relating to performance obligations to the extent required under Ind AS 115. The entire revenue is earned from the customers located in India.

**35** Cessna Garden Developers Private Limited has ("CGDPL") has approved the transfer of Aloft Hotel including transfer of Business Assets and Liabilities in accordance with the Business Transfer Agreement dated 06 August 2024 (the "Hotel Business") as a going concern with all the related rights, title and interest in and to the Hotel Business to Novo Themes Properties Private Limited.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No: 001076N/N500013

**Manish Agrawal**

Partner

Membership No.: 507000

Place: Ghaziabad

Date: 29 August 2024



For and on behalf of the board of directors of

**Aloft Hotel (Division of Cessna Garden Developers Private Limited)**

**Sumit Bhartia**

Director

DIN: 07726897

Place: Mumbai

Date: 29 August 2024

*Sumit Bhartia*

**Aaryaman Pankaj Tibrewal**

Director

DIN: 09694867

Place: Mumbai

Date: 29 August 2024

*Aaryaman Pankaj Tibrewal*

