

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Island Star Mall Development Private Limited  
Report on the Financial Statements**

We have audited the accompanying financial statements of **Island Star Mall Development Private Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i.) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements.



- ii.) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
- iii.) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration no. **101720W**



**Jignesh Mehta**  
Partner  
Membership No.:102749

Mumbai  
Date: 6<sup>th</sup> May, 2016



**“Annexure A” to Independent Auditors’ Report referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date.**

- i. In respect of its fixed assets :
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion and according to the information and explanations given to us, title deeds of immovable properties are held in the name of the company
- ii. As explained to us inventory consists of realty work in progress representing properties under construction. According to information given to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv. Company has not directly or indirectly advanced loan to the persons or given guarantees or securities in connection with the loan taken by persons covered under Section 185 of the Act. Further, company has given loan to body corporate under section 186 (4) and the company has complied with the provisions of section 186 in respect of loan given.
- v. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii. In respect of Statutory dues :
- a) According to the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no





undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, dues of sales tax, service tax, duty of customs, duty of excise, cess on account of any dispute, which have not been deposited are as under:

Sr. No	Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	5,62,53,370	A.Y 2013-14	CIT (Appeals)
2	KVAT Act, 2003	VAT	2,009,994	F.Y 2008-09	Commissioner of commercial Taxes (Karnataka)
		<b>Total</b>	<b>5,82,63,364</b>		

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or government or debenture holders of the company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and terms loans were applied for the purposes for which those are raised.
- x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii. In respect of transactions with related parties :

In our opinion and according to the information and explanations given to us, section 177 of the Act is not applicable to the Company.

In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 188 of the Act and their details have been disclosed in the financial statements etc., as required by the applicable accounting standards.



- xiv. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi. To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah  
Chartered Accountants  
(Firm Registration no. 101720W)



**Jignesh Mehta**  
Partner  
Membership No.: 102749

Mumbai  
Date: 6<sup>th</sup> May, 2016



**“Annexure B” to Independent Auditors’ Report referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the Internal Financial Control over financial reporting of **Island Star Mall Development Private Limited** (“the company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year then ended.

**Management Responsibility for the Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.





### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Chaturvedi & Shah  
Chartered Accountants  
(Firm Registration no. 101720W)



**Jignesh Mehta**  
Partner  
Membership No.: 102749



Mumbai  
Date: 6<sup>th</sup> May, 2016



**ISLAND STAR MALL  
DEVELOPERS PRIVATE  
LIMITED**

**FOR THE YEAR ENDED MARCH 31, 2016**

**Island Star Mall Developers Private Limited**

(CIN No. U45200MH2006PTC161067)

Balance sheet as at 31st March 2016

Particulars	Notes	(Amount in Rs.)	
		As at 31st March 2016	As at 31st March 2015
<b>Equity and Liabilities</b>			
<b>Shareholders Funds</b>			
Share Capital	2	286,764,730	286,764,730
Reserves and Surplus	3	2,523,607,219	2,152,571,764
		<b>2,810,371,949</b>	<b>2,439,336,494</b>
<b>Non Current Liabilites</b>			
Long Term Borrowings	4	4,443,287,885	2,901,152,497
Other Long Term Liabilities	5	364,589,570	558,208,712
Long Term Provisions	6	3,022,053	1,323,585
		<b>4,810,899,508</b>	<b>3,460,684,794</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	382,685,038	68,971,554
Trade Payable			
Micro & Small Enterprises	8	-	-
Others	8	52,260,595	49,239,944
Other Current Liabilities	9	361,591,371	498,010,016
Short Term Provisions	10	858,474	21,392
		<b>797,395,478</b>	<b>616,242,906</b>
<b>TOTAL</b>		<b>8,418,666,935</b>	<b>6,516,264,194</b>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,227,249,527	5,292,061,049
Intangible Assets	11	2,829,757	950,692
Capital work in progress	11	14,973,241	15,413,418
Intangible Asset under Development	11	34,055,664	-
Deferred Tax Asset	30	280,219,989	246,957,845
Long Term Loans and Advances	12	25,458,629	21,149,197
		<b>5,584,786,807</b>	<b>5,576,532,201</b>
<b>Current Assets</b>			
Inventories	13	621,470,519	574,380,935
Trade Receivables	14	122,959,965	101,497,216
Cash and Cash Equivalents	15	45,403,874	183,103,486
Short term loans and Advances	16	2,042,265,930	77,036,357
Other Current Assets	17	1,779,840	3,713,999
		<b>2,833,880,128</b>	<b>939,731,993</b>
<b>TOTAL</b>		<b>8,418,666,935</b>	<b>6,516,264,194</b>

Significant Accounting Policies and  
Notes on Financial Statements

1 to 38

As per our Report of even date  
**For Chaturvedi & Shah**  
Chartered Accountants  
(Firm Registration No: 101720W)



**Jignesh Mehta**  
Partner  
Membership No. 102749



Place : Mumbai  
Date : 06th May 2016

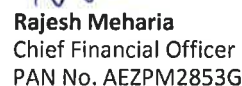
For and on behalf of the Board of Directors



**Shashie Kumar**  
Managing Director  
DIN No. 5252482



**Haresh Morajkar**  
Director  
DIN No. 74983

  
**Rajesh Meharia**  
Chief Financial Officer  
PAN No. AEZPM2853G

**Island Star Mall Developers Private Limited**  
(CIN No. U45200MH2006PTC161067)  
Statement of Profit and Loss for the year ended 31st March 2016

(Amount in Rs.)

Particulars	Notes.	2015-16	2014-15
<b>Income:</b>			
Revenue from Operations	18	1,517,513,851	1,401,374,178
Other Income	19	125,529,481	11,673,650
<b>Total Revenue</b>		<b>1,643,043,332</b>	<b>1,413,047,828</b>
<b>Expenses:</b>			
Cost of Construction	20	28,580,577	131,009,659
Change in Inventories	21	(47,089,584)	(145,397,790)
Employee Benefit Expenses	22	120,857,990	62,837,464
Finance Costs	23	586,497,522	434,241,232
Depreciation & Amortization Expenses	11	164,853,271	159,327,338
Other Expenses	24	568,799,109	458,806,776
<b>Total Expenses</b>		<b>1,422,498,885</b>	<b>1,100,824,679</b>
<b>Profit/ (Loss) Before Tax</b>		<b>220,544,447</b>	<b>312,223,149</b>
<b>Less :- Tax expenses</b>			
Current Tax		39,657,650	65,915,870
Deferred Tax		(33,262,144)	(38,288,157)
Tax Expense of Earlier Year		-	2,102,989
MAT Credit Entitlement (Including Rs. 11,72,28,865/- of earlier years)		(156,886,514)	-
<b>Profit/(Loss) for the year</b>		<b>371,035,455</b>	<b>282,492,447</b>
Earning per Equity share of Face Value of Rs 10 each -Basic & Diluted (In Rs.)	33	<b>12.94</b>	<b>9.85</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 38

As per our Report of even date  
**For Chaturvedi & Shah**  
Chartered Accountants  
(Firm Registration No: 101720W)



**Jignesh Mehta**  
Partner  
Membership No. 102749



Place : Mumbai  
Date : 06th May 2016

For and on behalf of the Board of Directors



**Shashie Kumar**  
Managing Director  
DIN No. 5252482



**Haresh Morajkar**  
Director  
DIN No. 74983



**Rajesh Meharia**  
Chief Financial Officer  
PAN No. AEZPM2853G

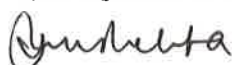


Island Star Mall Developers Private Limited  
(CIN No. U45200MH2006PTC161067)  
Cash Flow Statement for the Financial Year ended 31st March 2016

Sr. No.	Particulars	(Amount in Rs.)	
		2015-16	2014-15
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) Before Tax as per Profit and Loss Account	220,544,447	312,223,149
	<b>Adjusted for:</b>		
	Depreciation and Amortization Expenses	164,853,271	159,327,338
	Interest Income	(2,359,592)	(9,553,458)
	Profit on Sale of Investments	(143,412)	(606,446)
	(Profit)/Loss on sale of Fixed Assets	1,255,835	(2,250)
	Processing Fees	62,612,500	230,840
	Interest Expenses	523,885,022	434,241,232
	<b>Operating Profit before Working Capital Changes</b>	<b>970,648,071</b>	<b>895,860,405</b>
	<b>Change In :</b>		
	Trade & Other Receivables	(375,674,510)	30,018,544
	Trade & Other Payables	(143,634,353)	57,985,754
	Change in Inventories	(47,089,584)	(145,397,790)
	<b>Cash generated from Operations</b>	<b>404,249,624</b>	<b>838,466,913</b>
	Less: Tax paid (Net)	(85,934,264)	(102,075,508)
	<b>Net Cash generated from/(used in) Operating Activities</b>	<b>318,315,360</b>	<b>736,391,405</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets & CWIP	(146,610,603)	(83,501,868)
	Sale of Fixed Assets	75,850	4,000
	Purchase of Investments	(148,500,000)	(193,150,000)
	Sale of Investments	148,643,412	200,769,370
	Interest Income	4,293,751	7,471,676
	Inter Corporate Deposit given	(1,281,900,000)	(16,300,000)
	<b>Net Cash generated from/( Used in ) from Investing Activities</b>	<b>(1,423,997,590)</b>	<b>(84,706,822)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long Term Borrowing	5,205,138,400	-
	Long Term Borrowing Repaid	(3,836,675,176)	(267,881,437)
	Movement in Short Term Borrowing	313,713,484	68,971,554
	Processing Fees Paid	(62,612,500)	(5,343,340)
	Interest on Loans	(524,091,906)	(434,317,097)
	<b>Net Cash Generated from / (Used In ) Financing Activities</b>	<b>1,095,472,302</b>	<b>(638,570,320)</b>
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(10,209,928)</b>	<b>13,114,261</b>
	<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>54,206,806</b>	<b>41,092,545</b>
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>43,996,878</b>	<b>54,206,806</b>
	<b>Notes to Cash Flow</b>		
	<b>1 Components of cash and cash equivalents :</b>		
	Cash on hand	61,752	62,530
	Balance with Scheduled Bank	43,935,126	54,144,276
	<b>Cash and Cash equivalents at the end of the year</b>	<b>43,996,878</b>	<b>54,206,806</b>
Notes:-			
a	The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 "Cashflow Statements" (AS-3).		
b	The figures in brackets represent Cash outflows.		
c	Previous years figures are regrouped and reclassified wherever necessary.		
d	Closing Balance excludes Rs. 14,06,996 (P.Y. Rs. 14,06,996) representing Fixed Deposit given as Margin for Bank Guarantee		

As per our Report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
(Firm Registration No: 101720W)



**Jignesh Mehta**  
Partner  
Membership No. 102749



Place : Mumbai  
Date : 06th May 2016

For and on behalf of the Board



**Shashie Kumar**  
Managing Director  
DIN No. 5252482



**Haresh Morajkar**  
Director  
DIN No. 74983

  
**Rajesh Meharia**  
Chief Financial Officer  
PAN No. AEZPM2853G

**Note "1"**

**NOTES TO ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES:**

**a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial statements have been prepared to comply with Accounting Principles generally accepted in India (Indian GAAP), the Accounting Standards notified under relevant provisions of the Companies Act, 2013. The Financial Statements are prepared on accrual basis under the historical cost convention. The Financial Statements are prepared in Indian rupees.

**b) USE OF ESTIMATES**

The preparation of Financial Statements in conformity with Indian GAAP requires Judgement, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**c) INVENTORY**

Inventories comprise Land and Realty Work in Progress representing properties under construction/development.

Inventories are valued at lower of cost and net realizable value.

Cost of realty construction / development includes all costs directly related to the project and other expenditure as identified by the management which are incurred for the purpose of executing and securing the completion of the Project (net off incidental recoveries/receipts).

**d) FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation. All costs, including financing costs, net of income earned during the construction period are capitalized.

Expenditure incurred on construction/erection of assets, which are incomplete as at the balance sheet date, is included in Capital work in progress.

Assets Taken on Finance Leases: Present value of future Lease Rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the



lease liability and the interest component is charged to Profit and Loss account.

**e) DEPRECIATION**

Depreciation on fixed assets is provided on Straight Line method at the rate specified in Schedule II to the Companies Act, 2013. Software is amortized over five years.

**f) INVESTMENTS**

Long term Investment are stated at Cost less provision for diminution in value to recognizing a decline, other than temporary, wherever applicable. Cost includes expenditure attributable to acquisition of Investments. Current Investments are stated at lower of cost and Market Value determined on an individual investment basis.

**g) FOREIGN CURRENCY TRANSACTIONS**

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the statement of profit and loss.

**h) BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**i) REVENUE RECOGNITION**

- i) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- ii) License fees, rental income and service charges are recognised based on contractual rights.
- iii) Revenue from sale of properties under construction is recognized on the basis of percentage of completion method subject to transfer of significant risk and rewards to the buyer and outcome of the real estate project can be estimated reliably. Percentage of completion is determined with reference to the project cost incurred at the balance sheet date versus total estimated project cost determined based upon the judgment of management.
- iv) Interest is recognized on time proportion basis.





v) Dividend income is recognized when the right to receive the same is established.

**j) EMPLOYEE BENEFITS**

i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are charged off in the year in which employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.

**k) PROVISION FOR CURRENT & DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961. Asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement".

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will be able to utilize the MAT Credit Entitlement within the period specified under the Income-tax Act, 1961.

**l) IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior period is reversed if there has been a change in the estimate of recoverable amount.

**m) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



		(Amount in Rs.)	
Notes	Particulars	As at	As at
		31st March 2016	31st March 2015
<b>2</b>	<b>Share Capital</b>		
	<b>Authorised</b>		
	30,000,000 (P.Y. 30,000,000) Equity Shares of Rs.10 each	300,000,000	300,000,000
	30,000,000 (P.Y. 30,000,000) - 0.001% Compulsorily Convertible Preference Shares of Rs 10 each	<u>300,000,000</u>	<u>300,000,000</u>
		<b>600,000,000</b>	<b>600,000,000</b>
	<b>Issued, subscribed and paid up</b>		
	28,676,473 (P.Y.28,676,473) Equity Shares of Rs.10/- each fully paid up	286,764,730	286,764,730
		<u>286,764,730</u>	<u>286,764,730</u>
	<b>a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>		
	<b>Equity Shares</b>	<b>No. of Shares</b>	
	Shares outstanding at the beginning the year	28,676,473	28,676,473
	Add/(Less) : Shares Issued during the year	-	-
	Shares outstanding at the end of the year	<u>28,676,473</u>	<u>28,676,473</u>
	<b>b) Terms and Rights attached to shares.</b>		
	<b>Equity Shares:</b>		
	The company has only one class equity shares having face value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. Equity shares holders are also entitled to dividend as and when proposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts which shall be in proportion to the number of shares held by the Shareholders.		
	<b>c) Details of shareholders holding more than 5% shares in the company (Shares of Rs. 10 each fully paid):</b>		
		<b>31st March 2016</b>	<b>31st March 2015</b>
	Name of Shareholder	Equity shares Number	Shareholding %
		Equity shares Number	Shareholding %
	The Phoenix Mills Limited	26,176,473	91.28
	IIRF Holdings IX Limited	-	-
	Edelweiss Trustee Services Pvt. Ltd	-	-
	Pinnacle Real Estate Development Pvt. Ltd	2,500,000	8.72
		19,105,862	66.63
		4,410,396	15.38
		1,992,593	6.95
		2,500,000	8.72
	<b>d) Details of shares held by (shares of Rs. 10 each fully paid) :</b>		
		<b>31st March 2016</b>	<b>31st March 2015</b>
	Particulars	Equity shares Number	Shareholding %
		Equity shares Number	Shareholding %
	i) Holding Company	26,176,473	91.28
	ii) Subsidiary of Holding Company	2,500,000	8.72
		19,105,862	66.63
		2,500,000	8.72
<b>3</b>	<b>Reserve and surplus</b>		
	<b>Security premium account</b>		
	As per last Balance Sheet	<u>1,658,339,254</u>	<u>1,658,339,254</u>
	<b>Profit and Loss Accounts</b>		
	As per last Balance Sheet	494,232,511	212,306,862
	(+) Net Profit/(Net Loss) For the current year	371,035,455	282,492,447
	(-) Adjustment of depreciation as per transitional provision of Companies Act, 2013	-	(566,798)
	Closing Balance	<u>865,267,966</u>	<u>494,232,511</u>
		<b>2,523,607,219</b>	<b>2,152,571,764</b>



**Island Star Mall Developers Private Limited**

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Notes to financial statements for the year ended 31st March 2016

(Amount in Rs.)

Notes	Particulars	As at 31st March 2016		As at 31st March 2015	
		Non Current	Current	Non Current	Current
<b>4</b>	<b>Long Term Borrowings Secured</b>				
	Term Loan from Banks	3,526,272,685	185,270,300	2,361,552,018	324,641,612
	Term Loan from Others	917,015,200	39,729,700	539,600,479	74,030,552
		<b>4,443,287,885</b>	<b>225,000,000</b>	<b>2,901,152,497</b>	<b>398,672,164</b>
	4.1) Term Loan referred above are secured on paripassu basis by equitable mortgage of immovable properties namely 'Mall Building' and 'Multiplex Building', admeasuring approximately 93,529 sq. mts. in aggregate, alongwith an undivided interest to the extent of approximately 21,915.59 Sq. Mts. in the land appurtenant to the said structures forming an undivided part of the plot area of approximately 59,995 sq. mts., situated at Whitefield, Bengaluru and hypothecation of lease rental/ sales receivable from retailers and lien on the DSRA/ ESCROW Account.				
	4.2) Maturity Profile of Term Loan are set out below				
		<b>Term Loan from Banks and Others</b>			
		FY 2016-2017	22,50,00,000	FY 2021-2022	63,64,00,000
		FY 2017-2018	29,49,00,000	FY 2022-2023	74,57,00,000
		FY 2018-2019	37,44,00,000	FY 2023-2024	86,89,00,000
		FY 2019-2020	45,39,00,000	FY 2024-2025	25,73,87,885
		FY 2020-2021	53,97,00,000	FY 2025-2026	27,20,00,000
<b>5</b>	<b>Other Long Term Liabilities</b>				
	Security Deposits For Lease Rental			362,116,632	346,083,001
	Deposit from Related Party*			-	210,000,000
	Retention Payable			2,472,938	2,125,711
				<b>364,589,570</b>	<b>558,208,712</b>
	* Deposit received for Joint Development of Property.				
<b>6</b>	<b>Long Term Provision</b>				
	Provision for Leave Encashment			3,022,053	1,323,585
				<b>3,022,053</b>	<b>1,323,585</b>
<b>7</b>	<b>Short Term Borrowing ( Secured )</b>				
	Cash Credit From Bank #			382,685,038	68,971,554
				<b>382,685,038</b>	<b>68,971,554</b>
	# Cash credit from Bank are secured on paripassu basis by equitable mortgage of immovable properties situated at Bengaluru and hypothecation of lease rental/ sales receivable from retailers and in lien on the DSRA/ escrow account.				
<b>8</b>	<b>Trade Payable - current</b>				
	* a) Micro and Small Enterprises (Refer note 36)				
	b) Other Payable			52,260,595	49,239,944
				<b>52,260,595</b>	<b>49,239,944</b>
	** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and as at March 31, 2016. The above information, regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company This has been relied upon by the Auditors.				
<b>9</b>	<b>Other Current Liabilities</b>				
	Current Maturities of Long Term Debts				
	Term Loan from Banks			185,270,300	324,641,612
	Term Loan from Others			39,729,700	74,030,552
	Interest accrued and not due				
	On Term Loan from Banks			889,374	1,361,616
	On Term Loan from Others			286,514	21,156
	Creditors for Capital Items			44,889,741	50,413,980
	Security Deposits For Lease Rental			51,825,567	18,269,462
	Others Payables #			31,584,653	24,843,155
	Statutory Dues			7,115,522	4,428,483
				<b>361,591,371</b>	<b>498,010,016</b>
	# Includes Advances from customers, Advance for Stamp duty.				
<b>10</b>	<b>Short Term Provisions</b>				
	Provision for Leave Encashment			381,081	21,392
	Provision for Gratuity			477,393	-
				<b>858,474</b>	<b>21,392</b>





**Island Star Mall Developers Private Limited**  
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Notes to financial statements for year ended 31st March 2016

**Note 11: Fixed Assets**

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1st April 2015	Additions	Deduction /Adjustment	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation charge for the year	Transfer to Reserves & Provisions	Deduction/ Adjustment	Balance as at 31st March 2016	Balance as at 31st March 2015
<b>A Tangible Assets</b>										
Land	1,379,057,883	-	-	1,379,057,883	-	-	-	-	1,379,057,883	1,379,057,883
Building	3,090,796,218	20,553,784	1,443,946	3,109,906,056	146,113,628	49,255,413	-	-	2,914,537,015	2,914,682,590
Plant & Machinery	1,063,560,913	44,560,914	36,068	1,108,085,759	211,223,071	94,102,218	-	3,043	802,763,514	852,337,841
Office Equipments	28,764,158	5,891,982	129,490	34,526,650	9,733,734	5,343,996	-	57,664	19,506,584	19,030,424
Computer	12,629,331	7,509,315	220,242	19,918,404	8,801,517	2,188,286	-	197,261	10,792,542	3,827,814
Furniture & Fixtures	120,309,337	23,829,056	1,577,090	142,561,303	29,949,120	13,188,648	-	418,367	99,841,902	90,360,217
Vehicle	2,933,187	-	-	2,933,187	168,909	347,511	-	-	2,416,767	2,764,278
<b>Total (A)</b>	<b>5,698,051,027</b>	<b>102,345,051</b>	<b>3,406,836</b>	<b>5,796,989,242</b>	<b>405,989,978</b>	<b>164,426,072</b>	<b>-</b>	<b>676,335</b>	<b>5,227,249,527</b>	<b>5,292,061,047</b>
<b>B Intangible Assets</b>										
Software	1,632,037	1,045,425	63,840	2,613,622	681,345	381,883	-	18,710	1,569,104	950,692
Website Domain	-	1,305,969	-	1,305,969	-	45,316	-	-	1,260,653	-
<b>Total (B)</b>	<b>1,632,037</b>	<b>2,351,394</b>	<b>63,840</b>	<b>3,919,591</b>	<b>681,345</b>	<b>427,199</b>	<b>-</b>	<b>18,710</b>	<b>2,829,757</b>	<b>950,692</b>
<b>Total (A + B)</b>	<b>5,699,683,064</b>	<b>104,696,445</b>	<b>3,470,676</b>	<b>5,800,908,833</b>	<b>406,671,323</b>	<b>164,853,271</b>	<b>-</b>	<b>695,045</b>	<b>5,230,079,284</b>	<b>5,293,011,739</b>
Previous Year	5,664,154,533	53,602,156	18,073,625	5,699,683,064	246,518,515	159,327,338	858,720	33,250	5,293,011,741	5,417,636,016
Capital Work in Progress	-	-	-	-	-	-	-	-	14,973,241	-
Intangible Asset under Development	-	-	-	-	-	-	-	-	34,055,664	-



**Island Star Mall Developers Private Limited**  
(CIN No. U45200MH2006PTC161067)  
Notes to financial statements for the year ended 31st March 2016

Notes	Particulars	(Amount In Rs.)	
		As at 31st March 2016	As at 31st March 2015
<b>12</b>	<b>Long Term Loans and Advances</b> (Unsecured and considered good, unless otherwise stated)		
	Capital advances		
	Considered good	2,851,364	76,932
	Considered doubtful	659,262	659,262
		<u>3,510,626</u>	<u>736,194</u>
	Less: Provision for doubtful advances	659,262	659,262
		<u>2,851,364</u>	<u>76,932</u>
	Security Deposit	22,607,265	21,072,265
		<u><b>25,458,629</b></u>	<u><b>21,149,197</b></u>
<b>13</b>	<b>Inventories</b> (Value at Lower of cost or net realisable value whichever is less)		
	Realty work in progress	621,470,519	574,380,935
		<u><b>621,470,519</b></u>	<u><b>574,380,935</b></u>
<b>14</b>	<b>Trade Receivable</b>		
	Debts outstanding for a period exceeding six months from Due Date		
	Considered good	34,046,744	32,231,154
	Considered doubtful	32,503,116	67,491,475
		<u>66,549,860</u>	<u>99,722,629</u>
	Other		
	Considered good	88,913,221	69,266,062
	<b>Total</b>	<u><b>155,463,081</b></u>	<u><b>168,988,691</b></u>
	Less: Provision for doubtful debts	32,503,116	67,491,475
		<u><b>122,959,965</b></u>	<u><b>101,497,216</b></u>
<b>15</b>	<b>Cash &amp; Cash Equivalents :</b>		
	a. Balances with Banks	43,935,126	54,144,276
	b. Cash on hand	61,752	62,530
	<b>Total</b>	<u>43,996,878</u>	<u>54,206,806</u>
	Other Bank Balances		
	a. Deposit with maturity as on date for not more than 12 months *	1,406,996	127,489,684
	b. Deposit with maturity as on date for more than 12 months	-	1,406,996
		<u><b>45,403,874</b></u>	<u><b>183,103,486</b></u>
	* Fixed Deposit given as Margin for DSRA Rs. NIL (P.Y. Rs. 100,000,000)		



**Island Star Mall Developers Private Limited**

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Notes to financial statements for the year ended 31st March 2016

		(Amount in Rs.)	
Notes	Particulars	As at	As at
		31st March 2016	31st March 2015
<b>16</b>	<b>Short term loans and advances</b>		
	(Unsecured and considered good)		
	Inter Corporate Deposit given to related party (Refer note 34(a))	1,298,200,000	16,300,000
	Loans and Advances to related party (Refer note 29(b))	485,205,233	107,793
	Other loans and advances		
	Advance Income Tax (net of provision for taxation)	86,752,953	40,476,339
	MAT Credit Entitlement	156,886,514	-
	Advance to Vendors	3,168,542	6,173,615
	Prepaid Expenses	4,800,558	9,055,314
	Deposits	500,000	1,159,040
	Balance with Statutory/ Government Authorities	6,752,130	3,764,256
		<u>2,042,265,930</u>	<u>77,036,357</u>
<b>17</b>	<b>Other Current Assets</b>		
	Interest Accrued on Deposit and Investment	1,779,840	3,713,999
		<u>1,779,840</u>	<u>3,713,999</u>



**Island Star Mall Developers Private Limited**

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Notes on financial statement for the year ended 31st March 2016

		(Amount in Rs.)	
Notes	Particulars	2015-16	2014-15
<b>18</b>	<b>Revenue From Operations</b>		
	Sale of Services	1,513,288,147	1,397,271,439
	Other Operating Revenues	4,225,704	4,102,739
		<b>1,517,513,851</b>	<b>1,401,374,178</b>
	<b>19.1) Broad Categories of Sale of Services</b>		
	License Fees and Rental Income	963,557,281	881,418,257
	Service Charges	485,747,653	453,238,550
	Others	63,983,213	62,614,632
		<b>1,513,288,147</b>	<b>1,397,271,439</b>
<b>19</b>	<b>Other Income</b>		
	Interest Income on Fixed Deposits	2,359,592	9,553,458
	Other Interest	122,431,415	1,447,614
	Profit on Sale of Investments	143,412	606,446
	Gain on Sale of Fixed Assets	9,119	2,250
	Foreign Exchange Gain	51,107	4,394
	Sundry Balance Written Back	473,443	59,488
	Miscellaneous Receipts	61,393	-
		<b>125,529,481</b>	<b>11,673,650</b>
<b>20</b>	<b>Cost of construction</b>		
	Approvals & Statutory Payments	-	18,114,940
	Consultancy	5,644,367	13,662,616
	RCC & Civil work	1,759,090	25,463,630
	Fit out & Interior	2,954,850	58,652,277
	Site Operating Expenses	18,222,270	15,116,196
		<b>28,580,577</b>	<b>131,009,659</b>
<b>21</b>	<b>Change In inventory</b>		
	Realty stock at the beginning of the year	574,380,935	428,983,145
	Less: Realty stock at the end of the year	621,470,519	574,380,935
		<b>(47,089,584)</b>	<b>(145,397,790)</b>
<b>22</b>	<b>Employee Benefit expenses</b>		
	Salaries, Wages and Bonus	112,899,221	59,526,199
	Contribution to Provident and Other Fund	2,258,273	1,241,876
	Gratuity and Leave Encashment	4,583,965	1,635,577
	Staff Welfare Expenses	1,116,531	433,812
		<b>120,857,990</b>	<b>62,837,464</b>
<b>23</b>	<b>Finance cost</b>		
	Interest	523,765,627	433,606,417
	Processing Fees	62,612,500	230,840
	Bank charges	119,395	403,975
		<b>586,497,522</b>	<b>434,241,232</b>





**Island Star Mall Developers Private Limited**

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Notes on financial statement for the year ended 31st March 2016

		(Amount in Rs.)	
Notes	Particulars	2015-16	2014-15
<b>24</b>	<b>Operation and Other Expenses:</b>		
	Electricity expenses	171,433,653	157,759,995
	Water Charges	15,457,263	14,241,979
	<b>Repair and Maintenance:</b>		
	Buildings	13,365,039	8,064,617
	Machinery	23,707,622	24,524,238
	Others	3,053,452	2,307,651
	Housekeeping Expenses	21,179,061	19,453,828
	General Charges	22,263,445	16,274,818
	Manpower Charges and Management Fees for Parking	11,101,202	12,784,874
	Rates & Taxes	42,995,474	41,771,381
	Insurance	4,663,467	3,863,500
	Legal and Professional expenses	51,470,407	28,859,449
	Payment to the Auditors (Refer Note 24(a))	984,250	860,000
	Security charges	25,398,655	20,703,680
	Telephone expenses	2,327,562	1,460,010
	Advertisement and sales promotion expenses	113,318,015	64,714,956
	Rebates & Settlement	2,146,745	6,462,543
	Provision for doubtful debts & advances/(Written Back)	23,014,885	17,083,481
	Travelling expenses	9,431,764	6,841,918
	Donations	125,001	2,610,000
	Miscellaneous & Other Expenses	11,362,147	8,163,858
		<b>568,799,109</b>	<b>458,806,776</b>
	<b>a) Payment to Auditor</b>		
	As Auditor:		
	Audit Fees	894,250	785,000
	Tax audit Fees	90,000	75,000
	Other services(certification fees)	-	-
		<b>984,250</b>	<b>860,000</b>



25. The disclosures required under Accounting Standard (AS) 15 "Employee Benefits", are given below:

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognized as expense for the year is as under:

	(Amount in Rupees)	
	2015-16	2014-15
Employer's Contribution to Provident Fund	2,115,983	1,147,802

**Defined Benefit Plan**

The company provides gratuity benefit to it's employees which is a defined benefit plan. The present value of obligations is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation for leave encashment is recognized in the same manner as gratuity.

Particulars	2015-16		2014-15	
	Gratuity (funded)	Leave Encashment (Unfunded)	Gratuity (funded)	Leave Encashment (Unfunded)
<b>Reconciliation of opening and closing balances of the defined benefit obligation:</b>				
Defined Benefit Obligation at the beginning of the year	1,909,964	1,344,977	1,117,877	824,354
Interest Cost	213,776	189,604	100,609	74,192
Current Service Cost	863,670	1,112,216	672,388	444,810
Benefits paid during the year	(66,346)	(419,560)	(152,308)	(234,250)
Actuarial (gains)/losses on Defined Benefit Obligation	1,017,436	1,175,897	171,398	235,871
Defined Benefit Obligation at the end of the year	3,938,500	3,403,134	1,909,964	1,344,977

Particulars	(Amount in Rupees)	
	Gratuity (funded) 2015-16	Gratuity (funded) 2014-15
<b>Reconciliation of opening and closing balances of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	2,002,757	1,945,900
Expected Return on plan assets	168,940	168,808
Contribution	13,69,645	40,357
Benefits paid during the year	(66,346)	(152,308)
Actuarial (gain)/loss on Plan Asset	(28,889)	-
Fair Value of Plan Assets at the end of the year	3,446,107	2,002,757



(Amount in Rupees)

Particulars	2015-16		2014-15	
	Gratuity (funded)	Leave Encashment (Unfunded)	Gratuity (funded)	Leave Encashment (Unfunded)
<b>Amount to be recognized in Balance sheet:</b>				
Present value of Defined Gratuity Benefit Obligation	39,38,500	3,403,134	1,909,964	1,344,977
Fair Value of plan assets at the end of the year	(34,46,107)	-	(2,002,757)	-
Amount recognized in Balance sheet	492,393	3,403,134	(92,793)	1,344,977

(Amount in Rupees)

Amount to be recognized in Profit & Loss Account/Project Development Account:	2015-16		2014-15	
	Gratuity (funded)	Leave Encashment (Unfunded)	Gratuity (funded)	Leave Encashment (Unfunded)
Current Service Cost	863,670	1,112,216	672,388	444,810
Interest cost on obligation	213,776	189,604	100,609	74,192
Expected Return on plant assets	(168,940)	-	(168,808)	-
Net Actuarial (gains)/losses recognized for the year	1,046,325	1,175,897	171,398	235,871
Expense recognized in the statement of Profit & Loss account	1,954,831	2,477,717	775,587	754,873

(Amount in Rupees)

Actual return on plan assets for the year:	Gratuity (funded) 2015-16	Gratuity (funded) 2014-15
Expected return on Plan Assets	168,940	168,808
Actuarial gains/(losses) on Plan Asset	(28,889)	-
Actual return on plan assets	140,051	168,808



Actuarial assumptions:	Gratuity (funded) 2015-16	Leave Encashment (Unfunded) 2015-16	Gratuity (funded) 2014-15	Leave Encashment (Unfunded) 2014-15
Mortality Table (LIC)	2006-08 (IALM)	2006-08 (IALM)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.70%	7.70%	7.75%	7.75%
Rate of escalation in salary (per annum)	7.50%	7.50%	6.00%	6.00%
Expected Rate of Return on Assets	8.50%	N.A.	8.50%	N.A.

Contribution in respect of gratuity is made to Life Insurance Corporation of India (LIC) who administers the gratuity scheme of the Company.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**As at 31<sup>st</sup> March**

Gratuity	2016	2015	2014	2013	2012
Defined benefit obligation	3,938,500	1,909,964	1,117,877	1,007,502	764,722
Fair value of planned assets	3,446,107	2,002,757	1,945,900	1,784,536	1,637,189
(Surplus) / Deficit in the plan	492,393	(92,793)	(828,023)	(777,034)	(872,467)
Actuarial gains/(losses) on plan liabilities	(1,017,436)	(171,398)	(384,957)	(243,931)	(770,997)
Actuarial gains/(losses) on plan assets	(28,889)	-	-	-	-

**26 Contingent Liability**

a) Capital and other commitments:

(Amount in Rupees)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Estimated amount of contracts remaining to be executed on capital account not provided for	14,169,167	1,879,458

b) The Income Tax assessments of the Company have been completed up to Assessment Year 2013-14. The disputed demand upto the said Assessment Year was Rs. 56,274,930/-. The Company is in appeal or in process of filing appeal before the Appellate Authorities. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, no provision has been made.

c) The VAT assessment of the Company has been completed for the Financial Year 2008-09. The disputed demand for the said Financial Year was Rs. 2,009,994/-. The company has paid Rs. 602,998/- as Deposit towards 30% of disputed demand. The Company is in appeal before Joint Commissioner of Commercial Taxes (Appeals) at Bangalore. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, no provision has been made.

d) The above litigation in Para (b) and (c) above is not expected to have any material adverse impact on the financial position of the company.





- 27 Current Assets, Loans and advances are approximately of the value stated in the balance sheet if realized in the ordinary course of the business.
- 28 The Company is mainly engaged in the development and operation of Malls and other real estate properties. All activities of the company revolve around this main business. As such there are no separate reportable segments as per Accounting Standard 17 – ‘Segment Reporting’.
- 29 As Per Accounting Standard (AS) 18 - “Related Party Disclosures”, Related party transactions are as under:

a) Details of Related Party where control exist or with whom transactions have been taken place and relationships:

Sr. No	Name of the Related Party	Relationship
1	The Phoenix Mills Limited (PML)	Holding
2	Pinnacle Real Estate Development Pvt. Ltd. (PRD)	Fellow Subsidiary
3	Vamona Developers Pvt. Ltd. (VDPL)	Fellow Subsidiary
4	Offbeat Developers Private Limited (ODPL)	Fellow Subsidiary
5	Market City Resources Pvt. Ltd.(MCR)	Fellow Subsidiary
6	Palladium Constructions Pvt. Ltd. (PCPL)	Fellow Subsidiary
7	Pallazio Hotels & Leisure Ltd. (PHLL)	Fellow Subsidiary
8	Graceworks Realty & Leisure Pvt Ltd (GRLPL)	Fellow Subsidiary
9	Phoenix Hospitality Company Pvt Ltd (PHCPL)	Fellow Subsidiary
10	Classic Mall Development Company Pvt Ltd (CMDCL)	Fellow Subsidiary
11	Shashie Kumar	Key Managerial Personnel(KMP)



b) Transactions during the year

(Amount in Rupees)

Sr. No.	Nature of Transaction	PML	PRD	VDPL	ODPL	MCR	PCPL	PHLL	GRPL	PHCPL	CMDCPL	KMP	Total
1	Deposit Received	125,000,000 (185,000,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	125,000,000 (185,000,000)
2	Deposit Paid	335,000,000 (185,000,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	335,000,000 (185,000,000)
3	Loan Received	-	-	870,000,000 (9,763,875)	269,800,000 (10,123,090)	-	-	-	-	1,300,000	-	-	1,141,100,000 (19,886,965)
4	Loan Repaid	-	-	870,000,000	1,553,000,000	-	-	-	-	-	-	-	2,423,000,000 (-)
5	Advance Given	-	-	-	-	-	-	-	438,275,500	-	-	-	438,275,500 (-)
6	Purchase/Service Fees Paid	-	20,000 (20,000)	-	-	20,351,250 (16,495,000)	7,648,300 (4,326,000)	117,558 (54,778)	-	-	-	-	28,137,108 (20,895,778)
7	Interest on ICD	-	-	68,380,956	50,141,002	-	-	-	-	2,003,146 (54,778)	-	-	120,525,104 (54,778)
8	Remuneration	-	-	-	-	-	-	-	-	-	-	8,873,400 (5,559,504)	8,873,400 (5,559,504)
9	Reimbursement of Expenses	-	-	-	-	94,373 (3,068)	-	-	-	-	147,000	-	241,373 (3,068)

Note:-Figures in bracket represents previous year figures.

c) Balance with the related party at the year end is as under

(Amount in Rupees)

Sr. No.	Nature of Transaction	PML	PRD	ODPL	PHLL	GRPL	PHCPL	Total
1	Deposit	-	-	-	-	-	-	-
		(210,000,000)	(-)	(-)	(-)	(-)	(-)	(210,000,000)
2	ICD Given	-	-	1,283,200,000	-	-	15,000,000 (16,300,000)	1,298,200,000 (16,300,000)
3	Hotel Stay Charges	-	-	-	-	-	-	-
		(-)	(-)	(-)	(11,417)	(-)	(-)	(11,417)
4	Shared Service/Creditor	-	-	-	-	-	-	-
		(-)	(20,000)	(-)	(-)	(-)	(-)	(20,000)
5	Advances Receivable	-	-	45,126,902	-	438,275,500	1,802,831	485,205,233
		(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note:-Figures in bracket represents previous year figures.



**30 Deferred Tax:**

In accordance with the Accounting Standard (AS) 22 "Accounting for Taxes on Income", the Company has created deferred tax assets of Rs. 33,262,144/- for the current year. The breakup of the net deferred tax assets as on March 31, 2016 is as under:

(Amount in Rupees)

	As at 31 <sup>st</sup> March	
	2016	2015
<b>Deferred Tax Liability</b>		
Related to fixed assets	120,668,096	113,347,021
<b>Deferred Tax Assets</b>		
Disallowances under the Income Tax Act, 1961	12,654,592	24,051,077
Carry forward Losses*	388,233,493	336,253,790
	400,888,085	360,304,867
<b>Total</b>	<b>280,219,989</b>	<b>246,957,845</b>

\*Virtual certainty of the realization of Deferred Tax Assets on carry forward losses is established based on agreements.

**31 Expenditure in Foreign Currency**

(Amount in Rupees)

Particulars	2015-16	2014-15
Professional Fees	4,406,303	3,207,211
Foreign Travel	672,793	408,519
<b>Total</b>	<b>5,079,096</b>	<b>3,615,730</b>

**32 CIF Value of Import**

(Amount in Rupees)

Particulars	2015-16	2014-15
Electrical Equipment	4,382,210	225,300
<b>Total</b>	<b>4,382,210</b>	<b>225,300</b>

**33 Earnings per Share:**

(Amount in Rupees)

	<b>EARNINGS PER SHARE (EPS)</b>	<b>2015-16</b>	<b>2014-15</b>
i)	Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	371,035,455	282,492,447
ii)	Weighted Average number of equity shares used as denominator for calculating EPS	28,676,473	28,676,473
iii)	Weighted Average number of equity shares used as denominator for calculating Diluted EPS	28,676,473	28,676,473
iv)	Basic Earnings per share	12.94	9.85
v)	Diluted Earnings per share	12.94	9.85
vi)	Face Value per equity share	10	10



**34** Additional information as per section 186(4) of the Companies Act, 2013

a. Loan to body corporate as at 31<sup>st</sup> March 2016

Name	2015-16	2014-15	Purpose
Phoenix Hospitality Company Pvt Ltd	15,000,000	16,300,000	General Corporate Purpose
Offbeat Developers Pvt Ltd	1,283,200,000	-	General Corporate Purpose

b. There are no investment or guarantee given to any Body Corporate as at 31<sup>st</sup> March, 2016

**35 Corporate Social Responsibility (CSR):**

- (i) CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the company during the year is Rs. 2,833,549 (P. Y. Rs. 369,575).
- (ii) Expenditure related to Corporate Social Responsibility is Rs. NIL (P. Y. Rs. NIL).

**36 Dues to Micro and Small Enterprises**

The details of amounts outstanding to Micro and Small Enterprises based on the available information with the Company is as under

Sr. No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
i)	Principal amount due and remaining unpaid	-	-
ii)	Interest due on above and the unpaid interest	-	-
iii)	Interest paid	-	-
iv)	Payment made beyond the appointed day during the year	-	-
v)	Interest due and payable for the period of delay	-	-
vi)	Interest accrued and remaining unpaid	-	-
vii)	Amount of further interest remaining due and payable in succeeding year	-	-





37 Trade receivables and trade payables are subject to confirmation and reconciliation, if any. The same is not expected to have any material impact on the financial statements.

38 The previous year figures have been regrouped, reworked, rearranged and reclassified, whenever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

For **Chaturvedi & Shah**  
(Firm Registration No: 101720W)  
Chartered Accountants



**Jignesh Mehta**  
Partner  
M. No. 102749

For and on behalf of the Board



**Shashie Kumar**  
Managing Director  
DIN No. 5252482



**Haresh Morajkar**  
Director  
DIN No. 74983



**Rajesh Meharia**  
Chief Financial Officer  
PAN No. AEZPM2853G

Place : Mumbai  
Dated : 06/05/2016

