INDEPENDENT AUDITOR'S REPORT

To the Members of Graceworks Realty & Leisure Private Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Graceworks Realty & Leisure Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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

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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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the 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 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Indian Accounting Standards included in these financial statements, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 5, 2017 expressed an unmodified opinion.

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 Ind AS financial statements comply with the accounting standards specified under section 133 of the Act.

   e) On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, 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".

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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 Ind AS financial statements – Refer Note **32 (b) (1)** to the Ind AS financial statements also refer clause vii (b) of this report.

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 **D T S & Associates**
Chartered Accountants
Firm Registration no. 142412W

Ashish G. Mistry
Partner
Membership No.: 132639

D T S & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Place : Mumbai
Date : 07th May, 2018

"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. In respect of its inventory:

As explained to us inventory consists of land, realty work in progress/finished goods representing properties. 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 granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.

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. According to information and explanations provided to us, the Company is not required to maintain accounts and cost records pursuant to the Companies (Cost Accounting Records) Rules, 2011 and as specified by the Central Government of India under Section 148(1) of the Companies Act, 2013. Accordingly, paragraph 3(vi) of the Order is not applicable.

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,

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value added tax, cess and any other statutory dues have been 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, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of Goods & service tax, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.

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, government company or bank.

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 Ind AS 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. Company has not paid any managerial remuneration during the year and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.

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, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the Ind AS financial statements etc., as required by the applicable Indian 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 of shares 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.

D T S & ASSOCIATES * MUMBAI * CHARTERED ACCOUNTANTS

For **D T S & Associates**
Chartered Accountants
Firm Registration no. 142412W

Ashish G. Mistry
Partner
Membership No.: 132639

Place : Mumbai
Date : 07th May, 2018

D T S & ASSOCIATES * CHARTERED ACCOUNTANTS MUMBAI

"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 **Graceworks Realty & Leisure Private Limited** ("the company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A

D T S & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

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 Ind AS 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 Ind AS 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 31st March, 2018, 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 **D T S & Associates**
Chartered Accountants
Firm Registration no. 142412W

Ashish G. Mistry
Partner
Membership No.: 132639

Place : Mumbai
Date : 07th May, 2018

D T S & ASSOCIATES * CHARTERED ACCOUNTANTS MUMBAI

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
BALANCE SHEET AS AT 31MARCH 2018

(Amount in Rs.)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
I ASSETS			
Non-Current Assets			
Property, Plant & Equipment	6	2,53,33,92,859	2,53,01,38,367
Capital Work In Progress		1,33,11,661	2,80,23,530
Other Intangible Assets	6	3,56,660	7,95,166
Deferred Tax Asset (Net)	7	4,98,119	1,40,24,488
Other Non - Current Assets	8	41,22,602	26,00,822
Current Assets			
Inventories	9	1,13,19,845	1,28,15,668
Financial Asset			
Trade Receivables	10	3,47,17,650	8,45,44,836
Cash and Cash Equivalents	11	1,83,65,011	39,10,010
Other Financial asset	12	-	1,00,00,000
Current Tax Assets (Net)	13	3,14,76,893	1,66,09,346
Other Current Assets	14	47,17,799	2,41,22,362
TOTAL		**2,65,22,79,099**	**2,72,75,84,595**
II EQUITY AND LIABILITIES			
Shareholders' Funds			
Equity			
Equity Share Capital	15	6,75,680	6,75,680
Other Equity	16	34,89,62,860	74,72,43,383
Non-Current Liabilities			
Financial Liability			
Borrowings	17	87,76,14,449	88,29,63,977
Provisions	18	7,29,842	12,50,257
Other Non-Current Liabilities	19	10,92,75,747	9,52,85,462
Current Liabilities			
Financial Liability			
Borrowing	20	68,32,68,793	24,80,78,649
Trade Payables	21	3,08,67,650	3,85,36,968
Other Financial Liabilities	22	55,33,19,319	64,79,88,470
Other Current Liabilies	23	4,75,19,324	6,54,89,891
Provisions	24	45,435	71,858
TOTAL		**2,65,22,79,099**	**2,72,75,84,595**

Significant Accounting Policies and Notes on Financial Statements — 1 to 41

As per our Report of even date

For D T S Associates
(Firm Registration No: 142412W)
Chartered Accountants

Ashish G. Mistry
Partner
Membership No. 132639

D T S & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)

Place : Mumbai
Date : 7th May, 2018

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH , 2018

(Amount in Rs.)

Particulars	Notes	2017-18	2016-17
I INCOME			
Revenue from Operations	25	21,31,62,917	17,64,40,154
Other Income	26	62,78,338	45,29,781
Total Revenue		**21,94,41,255**	**18,09,69,935**
II EXPENDITURE:			
Cost of Construction and Development	27	4,35,741	6,05,593
Change in Inventory/Work-in-Progress	28	14,95,823	59,21,363
Employee Benefit Expenses	29	2,73,07,831	3,31,96,427
Finance Cost	30	13,97,82,385	18,48,62,706
Depreciation and Amortisation Expenses	6	4,70,71,212	1,35,25,217
Other Expenses	31	9,95,16,585	12,01,56,813
Total Expenses		**31,56,09,577**	**35,82,68,118**
III Profit /(Loss)Before Tax		**(9,61,68,322)**	**(17,72,98,183)**
IV Tax Expense:			
Current Tax	35	-	-
Deferred Tax		1,35,26,369	(79,78,602)
V Profit /(Loss) for the Year		**(10,96,94,691)**	**(16,93,19,580)**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Acturial Gain/ Loss on Employees Benefits		(1,59,832)	91,825
Income tax relating to items that will not be reclassified to Profit & Loss		-	-
Other Comprehensive Income for the period (B)		(1,59,832)	91,825
Total Comprehensive Income for the period (A+B)		(10,98,54,523)	(16,92,27,755)
VI Earnings per share			
Basic EPS [Face Value Rs. 10 each]	37	(1,623.47)	(2,505.91)
Diluted EPS [Face Value Rs. 10 each]		(1,623.47)	(2,505.91)

Significant Accounting Policies and 1 to 41

As per our Report of even date

For **D T S Associates**
(Firm Registration No: 142412W)
Chartered Accountants

Ashish G. Mistry
Partner
Membership No. 132639

Place : Mumbai
Date : 7th May, 2018

DTS & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018.

A. EQUITY SHARE CAPITAL

Balance as at 1st April, 2016	Changes in Equity share Capital during the year	Balance as at 31st March, 2017	Changes in Equity share Capital during the year	Balance as at 31st March, 2018
6,75,680	-	6,75,680	-	6,75,680

B. Other Equity

For the year ended 31st March, 2018

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Retained Earings	Securities Premium Account	Debenture Redemption Reserve	Instrument classified as Equity	Remeasurement gain/ (loss) on defined benefit plans	
Balance as at 1st April, 2017	(7,16,47,430)	2,11,92,000	1,94,44,575	7,77,78,300	4,75,938	4,72,43,383
Profit for the year	(10,96,94,691)	-	-	-	-	(10,96,94,691)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	(1,59,832)	(1,59,832)
Issuance of Optionally Fully Convertieble Debentures	-	-	-	43,10,00,000	-	43,10,00,000
Balance as at 31st March, 2018	(18,13,42,121)	2,11,92,000	1,94,44,575	50,87,78,300	3,16,106	36,83,88,860

For the year ended 31st March, 2017

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Retained Earings	Securities Premium Account	Debenture Redemption Reserve	Instrument classified as Equity	Remeasurement gain/ (loss) on defined benefit plans	
Balance as at 1st April, 2016	9,76,72,150	2,11,92,000	1,94,44,575	7,77,78,300	3,84,113	21,64,71,138
Profit for the year	(16,93,19,580)	-	-	-	-	(16,93,19,580)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	91,825	91,825
Issuance of Optionally Fully Convertieble Debentures	-	-	-	70,00,00,000	-	70,00,00,000
Balance as at 31st March, 2017	(7,16,47,430)	2,11,92,000	1,94,44,575	7,77,78,300	4,75,938	4,72,43,383

As per our Report of even date

For D T S Associates
(Firm Registration No: 142412W)
Chartered Accountants

D T S & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

Ashish G Mistry
M. No.: 132639
Place : Mumbai
Date : 7th May, 2018

For and on behalf of the Board

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)

GRACEWORKS REALTY & LEISURE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs.)

Sr. No.	Particulars	2017-18	2016-17
I	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before Tax as per Profit and Loss Account	(9,61,68,322)	(17,72,98,183)
	Adjusted for:		
	Interest on Loan	13,96,77,866	18,44,13,301
	Excess Provision W/back	(12,61,137)	-
	Interest on Fixed Deposit	-	(28,93,417)
	Loss on sale of asset	4,18,007	-
	Provision for Doubtful debts/ Advances	-	2,50,97,567
	Remeasurement gain/ (loss) on defined benefit plans	(1,59,832)	91,825
	Depreciation	4,70,71,212	1,35,25,217
	Operating Profit before Working Capital Changes	8,95,77,794	4,29,36,310
	Adjusted for:		
	Trade and Other payables	(5,75,45,938)	(5,76,26,874)
	Trade and Other receivables	8,04,66,930	2,54,14,67,443
		11,24,98,785	2,52,67,76,879
	Less : Taxes (paid)/received	(1,48,67,547)	(55,42,543)
	Net Cash generated / (used in) from Operating Activities	**9,76,31,239**	**2,52,12,34,336**
II	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Interest Received on Fixed Deposit	-	32,74,524
	Purchase of Fixed Assets and Capital Expenditure	(3,55,93,334)	(2,56,40,47,965)
	Net Cash generated from/(used in) Investing Activities	**(3,55,93,334)**	**(2,56,07,73,441)**
III	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Long Term Loan	-	88,29,63,977
	Proceeds from Optinally fully Convertible Debentures	43,10,00,000	70,00,00,000
	Redemption of Optionally convertible debentures	(71,94,26,000)	-
	Interest Paid on loan	(19,36,55,497)	(35,85,07,556)
	Repayment of Long Term Loan	(6,91,548)	(1,04,73,40,200)
	Bank Overdraft facilities	(3,98,09,856)	24,80,78,649
	Movement in Short Term Borrowings (Net)	47,50,00,000	(40,85,00,000)
	Net Cash generated from / (used in) Financing Activities	**(4,75,82,901)**	**1,66,94,871**
	Net Increase/ (Decrease) in Cash and Cash Equivalents	**1,44,55,003**	**(2,28,44,234)**
	Opening Balance of Cash and Cash Equivalents	**39,10,010**	**2,67,54,244**
	Closing Balance of Cash and Cash Equivalents (Refer Note No. 11)	**1,83,65,013**	**39,10,010**

Notes:-

1 **Components of cash and cash equivalents:**

Cash on hand	34,122	30,673
Balance with scheduled bank	1,83,30,889	38,79,337
	1,83,65,011	39,10,010

2 **Change in liability arising from financing activities**

	1st April 2017	Cash flow	31st March 2018
Borrowings - Non current *	88,56,23,777	(6,91,548)	88,49,32,229
Borrowings - current	24,80,78,649	43,51,90,144	68,32,68,793

* It includes Current maturity of Long Term Borrowings which is classified under other financial liability

As per our Report of even date

For **D T S Associates**
(Firm Registration No: 142412W)
Chartered Accountants

Ashish G Mistry
Partner
Membership. No. 102749
Place : Mumbai
Date : 7th May, 2018

D T S & ASSOCIATES * MUMBAI * CHARTERED ACCOUNTANTS

For and on behalf of the Board

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)

1. Corporate Information:

The Company is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Phoenix Mills Premises, 462, Senapati Bapat Marg, Lower Parel (w), Mumbai – 400 013.

The Company is mainly engaged in real estate activities. The principle place of business is at LGB 15-16, Phoenix Paragon Plaza, Phoenix Marketcity, LBS Road, Kurla (w), Mumbai – 400 017.

For Company's principal shareholders, refer note no.15.

These financial statements were approved and adopted by board of directors of the Company in their meeting dated May 7, 2018.

2. Basis of Preparation of Financial Statement:

The Financial Statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The significant accounting policies used in preparing financial statements are set out below in Note 3 of the Notes to Financial Statements and are applied consistently to all the periods presented.

3. Significant Accounting Policies:

a) Functional and presentation of currency:

The financial statements are presented in Indian Rupees, which is the Company's functional currency and all amounts are rounded to the nearest in rupees.

b) Basis of measurement:

The Financial Statements have been prepared on historical cost basis, except the following:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit plans – plan assets measured at fair value.

c) Property, Plant and Equipment:

Freehold land is carried at historical cost. Capital work in progress, and all other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Such cost includes borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as specified by Schedule II to the Companies Act; 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

d) Intangible asset:

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

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

Amortisation methods and periods

Estimated useful lives of Intangible assets are considered as 5 years. Intangible assets are amortised over its useful life using the straight-line method. The amortisation period and the amortisation method for an intangible asset are reviewed 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.

e) Impairment of Non – Financial Asset:

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 Generation unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where 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 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 transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

f) Inventories:

Inventories comprise Land and Realty work in progress representing properties under construction/ development of residential project.

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Inventories are stated at the lower of cost and net realisable value. Cost of realty construction / development comprises all cost directly related to the project and other expenditure as identified by management which are incurred for the purpose of executing and securing the completion of the project (net off incidental recoveries, receipts). Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

g) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Foreign currency transactions:

The transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency at the end of year are translated using the closing rate of exchange. Non- monetary items that are to be carried at historical cost are recorded using exchange rate prevailing on the date of transaction. Non- monetary items that are to be carried at fair value are recorded using exchange rate prevailing on the date of fair value measured. Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the statement of profit and loss.

i) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Classifications of financial instrument are in accordance with the substance of the contractual arrangement and as per the definitions of financial assets, financial liability and an equity instruments.

Financial Assets and investments

i) Initial recognition and measurement:

At initial recognition, the company measures a financial asset at its fair value (other than financial asset at fair value through profit or loss) plus or minus, in the case of a, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

ii) Subsequent recognition and measurement:

Subsequent measurement of financial asset depends on the company's business model for managing the asset and the cash flow characteristics of the asset. For the purpose of subsequent recognition and measurement financial assets are classified in four categories:

- **Debt instrument at amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment

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- **Debt instrument at fair value through other comprehensive income (FVOCI):**

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

- **Debt instrument at fair value through profit and loss (FVTPL):**

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

- **Equity instruments:**

All equity instruments are initially measured at fair value. Any subsequent fair value gain /loss is recognised through profit or loss if such investments are held for trading purposes. The fair value gains or losses of all other equity securities are recognised in Other Comprehensive Income.

iii) De-recognition:

A financial asset is primarily derecognised i.e. removed from Company's financial statement when:

- The rights to receive cash flows from asset have expired or
- The Company has transferred its right 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 'pass-through' arrangement and either;

  a) The Company has transferred substantially all the risks and rewards of the assets,
  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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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iv) Impairment of Financial asset:

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets carried at amortised cost;
- Financial asset measured at FVOCI debt instruments.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables.

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

The Company uses a provision matrix to determine impairment loss allowance on trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognise impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial Liabilities:

i) Initial recognition and measurement:

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.

The Company's financial liabilities include trade and other payables, loans and borrowings.

ii) Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and has designated upon initial measurement recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii) De - recognition:

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 or 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, to realise the assets and settle the liabilities simultaneously.

j) Classification of assets and liabilities as current and non – current:

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

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) It is held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) 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 classified as current when:

a) It is expected to be settled in normal operating cycle,
b) It is held primarily for the purpose of trading,
c) It is due to be settled within twelve months after the reporting period, or

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d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

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

k) Equity share capital:

Ordinary shares are classified as equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

l) Revenue Recognition:

Revenue is recognised to the extent that is probable that the future economic benefits will flow to the entity and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from license fees and other operating services

Revenue from license fees and other operating services are recognised on a straight line basis over the license terms, except where the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary operating cost increases.

Revenue from sale of properties

Revenue from sale of properties under construction is recognised on the basis of percentage of completion method subject to transfer of significant risk and rewards to the buyer and outcome of real estate project can be estimated reliably. Percentage of completion is determined with reference to the project cost incurred on balance sheet date versus total estimated project cost determined based upon the judgement of management. Accordingly, cost of construction/ development is charged to Statement of Profit and Loss in proportion to the revenue recognised during the year and balance costs are carried as part of 'Project Work in Progress' under inventories. Accounts receivable/ received are reflected a Debtors/advance from customers, respectively, after considering income recognised in the aforesaid manner. The estimates of saleable area and costs are revised periodically by the management and that are considered as change in estimate accordingly, the effect of such changes to estimates is recognised in the year such changes are determined.

Interest income

Interest income from debt instrument is recognised using effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of financial asset to the gross carrying amount of financial asset. When calculating effective interest rate, the company expects cash flows by considering all contractual terms of financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised when the right to receive the payment is established.

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m) Employees benefits:

(i) Short-term Employee benefits:

All employees' benefits payable wholly within 12 months rendering services are classified as Short Term obligations. Benefits such as salaries, wages, shot term compensated absences, performance incentives, expected cost of bonus and ex-gratia are recognised during the period in which the employees renders related services.

(ii) Post-employment obligations

a. Defined benefit plans

The Company has defined benefit plans comprising of gratuity. Company's obligation towards gratuity liability is funded and is managed by Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

Re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and (c) 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 other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

The expected return on plan assets is the Company's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

b. Defined contribution plans

The defined contribution plan is post-employment benefit plan under which the Company contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which employees have rendered services.

(iii) Long term Employee benefits:

The Company has other long-term benefits in the form of leave benefits. The present value of the other long term employee benefits is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

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Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense.

Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

n) Borrowing Cost:

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

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

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

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

o) Provisions and contingencies:

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. If the effect of the time value of money is material, provisions are discounted using the government securities interest rate for the equivalent period. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the financial statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

p) Income Taxes:

Current Income Tax:

Current Income Tax liabilities are measured at the amount expected to be paid to the taxation authorities using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and creates provisions where appropriate.

Deferred Tax:

Deferred Tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred Income Tax is determined using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period.

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Deferred Tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the company has a legally enforceable right and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

q) **Earnings per share:**

Basic earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4. Critical accounting estimates, assumptions and judgements:

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following estimates and judgement, which have significant effect on the amounts recognised in the financial statements:

(a) Depreciation and useful lives of Property, Plant and Equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

(b) Investment Property

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Management has assessed applicability of Ind AS 40 - Investment property to the property held to earn income from licensee fees. In assessing such applicability, management has considered the ownership of assets, terms of license agreement, various services provided to the licensee etc. The company considers these other services as significant in addition to the licence fees charged. Based on such assessment, the management has considered the mall property as owner-occupied property and hence classified as Property, Plant & Equipment.

(c) Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. The Company uses a provision matrix to determine impairment loss allowance on trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

(d) Revenue Recognition on sale of property

The Company uses percentage of completion method for recognising revenue from sale of properties under construction. Percentage of completion is determined with reference to the project cost incurred on balance sheet date versus total estimated project cost. Total estimated project cost is based upon the estimates of management.

(e) Defined Benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(f) Treatment of Security Deposit for Lease Rentals

In assessing the applicability of IND AS 32 to security deposits received, the management has considered the substance of the transactions, terms and conditions of agreement and historical experience to conclude whether such security deposits meet the criteria of a financial liability. These deposits are primarily intended to secure compliance of the licensees' obligations under the agreement and have no bearing on the license fees charged. Further, there is no contractual obligation to deliver cash or other financial asset to another entity and can be adjusted against the dues, if any and therefore these have been treated as non-financial liability.

(g) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

(h) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the

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(i) Fair Value measurement:
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on the quoted prices in active markets, their fair value is measured using valuation techniques, including discounted cash flow model, which involve various judgments and assumptions.

Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. They are continually evaluated.

5. Standards Issued but not Effective:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

(a) Issue of Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations. The Company is currently assessing the impact of adopting IND AS 115 on the financial statements.

(b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

i) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
ii) Ind AS 40 - Investment Property (Not applicable to the company)
iii) Ind AS 12 - Income Taxes
iv) Ind AS 28 - Investments in Associates and Joint Ventures (Not applicable to the company) and
v) Ind AS 112 - Disclosure of Interests in Other Entities (Not applicable to the company)

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

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Notes on Financials Statements for the year ended 31st March, 2018

Note 6 : Property, Plant and Equipments

(Amount in Rs.)

	Tangible Assets							Intangible Assets
Particulars	**Building***	**Plant & Machinery**	**Office Equipments**	**Furniture & Fixtures**	**IT Networking**	**Computers**	**Total**	**Computer Software**
Gross Block:								
As at April 1, 2016	-	26,87,183	22,34,151	27,88,756	8,14,499	41,00,450	1,26,25,039	26,66,968
Additions during the year	2,51,18,79,453	23,83,056	7,17,473	2,12,82,529	-	1,14,000	2,53,63,76,511	-
Deductions/ Adjustments	-	-	11,11,992	-	-	-	11,11,992	
As at March 31, 2017	2,51,18,79,453	50,70,239	18,39,632	2,40,71,285	8,14,499	42,14,450	2,54,78,89,558	26,66,968
Additions during the year	40,55,342	2,78,51,820	3,74,089	1,80,29,764	50,000	1,39,500	5,05,00,515	-
Deductions/ Adjustments	6,42,915	-	-	-	-	-	6,42,915	-
As at March 31, 2018	2,51,52,91,880	3,29,22,059	22,13,721	4,21,01,049	8,64,499	43,53,950	2,59,77,47,158	26,66,968
Accumulated Depreciation:								
As at April 1, 2016	-	1,81,786	9,45,136	10,65,572	4,12,211	28,52,672	54,57,376	14,00,316
Depreciation during the year	1,03,89,546	4,55,767	7,13,453	6,35,068	1,45,109	7,14,786	1,30,53,729	4,71,486
Deductions/ Adjustments	-	-	7,59,916	-	-	-	7,59,916	-
As at March 31, 2017	1,03,89,546	6,37,553	8,98,673	17,00,639	5,57,320	35,67,458	1,77,51,190	18,71,802
Depreciation during the year	3,99,92,858	19,94,613	2,86,903	38,95,158	1,48,962	3,14,212	4,66,32,705	4,38,506
Deductions/ Adjustments	29,596	-	-	-	-	-	29,596	-
As at March 31, 2018	5,03,52,808	26,32,166	11,85,575	55,95,797	7,06,282	38,81,670	6,43,54,299	23,10,308
Net Block:								
As at March 31, 2017	2,50,14,89,907	44,32,686	9,40,959	2,23,70,646	2,57,179	6,46,992	2,53,01,38,368	7,95,166
As at March 31, 2018	2,46,49,39,072	3,02,89,893	10,28,146	3,65,05,252	1,58,217	4,72,280	2,53,33,92,859	3,56,660

* Land and Building are pleged against borrowing (Refer Note No. 17)

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GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financials Statements for the year ended 31st March, 2018

(Amount in Rs.)

Particulars		As at 31st March, 2018	As at 31st March, 2017
7 Deferred Tax Asset/(Liability) (Net)			
Deferred Tax is calculated, in full, on all temporary timing differences under the liability method using prevailing tax rate. The movement on the deferred tax account is as follows:			
At Start of year		**1,40,24,488**	**60,45,884**
Charge/(credit) to profit or loss (Refer Note 35)		(1,35,26,369)	79,78,604
Charge to Other Comprehensive Income		-	-
At the end of the year		**4,98,119**	**1,40,24,488**
Deferred Tax Asset			
Related to Disallowances under Income Tax Act, 1961		11,54,504	1,40,87,875
Related to Property, Plant and Equipments		6,56,385	63,387
	Total	**4,98,119**	**1,40,24,488**
8 Other Non - current Assets			
(Unsecured and considered good)			
Security Deposits		41,07,602	25,85,822
Other Deposits		15,000	15,000
	Total	**41,22,602**	**26,00,822**
9 Inventories			
(Valued at Cost or Market vale whichever is less)			
Realty Finished Stock		1,01,91,806	1,15,39,203
Land		11,28,039	12,76,465
	Total	**1,13,19,845**	**1,28,15,668**
10 Trade Receivables*			
(Unsecured and considered good)			
Considered good		3,47,17,650	8,45,44,836
Considered doubtful		29,29,354	4,35,33,944
		3,76,47,004	12,80,78,780
Less: Provision for doubtful receivables		29,29,354	4,35,33,944
	Total	**3,47,17,650**	**8,45,44,836**
* Trade receivables are pledged against borrowings (Refer Note 17)			
11 Cash and Cash Equivalents			
Balances with Banks			
In Current Account		1,83,30,889	38,79,337
Cash on hand		34,122	30,673
	Total	**1,83,65,011**	**39,10,010**
12 Other Financial Asset			
Security Deposits to Related Party (Refer Note No. 38)		-	1,00,00,000
	Total	-	**1,00,00,000**
13 Current Tax Assets (Net)			
Advance Tax (Net of Provisions)		3,14,76,893	1,66,09,346
	Total	**3,14,76,893**	**1,66,09,346**
Movement in Provisions:			
At Start of the year		**1,66,09,346**	**1,10,66,804**
Charge for the year		-	-
Provisions for tax on other comprehensive income		-	-
Taxes paid during the year		1,48,67,547	55,42,543
At the end of the		**3,14,76,893**	**1,66,09,347**

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GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
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(Amount in Rs.)

Particulars		As at 31st March, 2018	As at 31st March, 2017
14 Other Current Assets			
(Unsecured, Considered good unless otherwise stated)			
Advance to Vendors		17,93,707	21,90,963
Less: Provision for Doubtful Advance		7,35,770	7,35,770
		10,57,937	14,55,193
Balances with Statutory Authorities		12,41,049	1,99,87,095
Balances with LIC Gratuity Fund (Net)		6,64,809	10,84,303
Others		17,54,004	15,95,771
	Total	**47,17,799**	**2,41,22,362**
15 Share capital			
Authorised, Issued, Subscribed and Paid up Share Capital:			
Authorised			
50,00,000 (P Y : 50,00,000,) Equity Shares of Rs. 10/- each		5,00,00,000	5,00,00,000
	Total	**5,00,00,000**	**5,00,00,000**
Issued, Subscribed and Fully Paid up			
67,568 (P Y: 67,568,) Equity Shares of Rs. 10/- each fully paid up		6,75,680	6,75,680
	Total	**6,75,680**	**6,75,680**

a) Reconciliation of Number of Shares outstanding

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	67,568	67,568
Shares outstanding at the end of the year	**67,568**	**67,568**

b) Shares held by holding company :

Out of the above, 52250 (P.Y. 52250) Equity Shares of Rs. 10/- each fully paid are held by Phoenix Hospitality Company Private Limited - the Holding Company.

c) Details of Shareholders holding more than 5% of the total Shares of the Company :

Name of Shareholder	As at 31st March 2018 No. of shares held	As at 31st March 2018 % of holding	As at 31st March 2017 No. of shares held	As at 31st March 2017 % of holding
Phoenix Hospitality Company Pvt. Ltd.	52,250	77.33	52,250	77.33
Phoenix Mills Limited	15,318	22.67	-	-
HBS realtors Pvt. Ltd.	-	-	15,318	22.67

d) 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 Compnay, after distribution of all Preferential amounts which shall be in proportion to the number of shares held by the Shareholders.

16 Other Equity			
Reserves			
a) Securities Premium Reserves			
As per last Balance Sheet		2,11,92,000	2,11,92,000
Less: paid on redemption of debentures		(17,66,000)	-
	Total	1,94,26,000	2,11,92,000
b) Debenture Redemption Reserve			
As per last Balance Sheet		1,94,44,575	1,94,44,575
	Total	1,94,44,575	1,94,44,575

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(Amount in Rs.)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Surplus		
c) Surplus/(Deficit)		
As per last Balance Sheet	(7,16,47,430)	9,76,72,150
Add : Profit /(Loss) for the year	(10,96,94,691)	(16,93,19,580)
Less: Transfer to Debenture Redemption Reserve	-	-
Total	(18,13,42,121)	(7,16,47,430)
d) Other Comprehensive Income		
Remeasurement gain/ (loss) on defined benefit plans		
As per last Balance Sheet	4,75,938	3,84,113
Add: During the year	(1,59,832)	91,825
Total	3,16,106	4,75,938
e) Instrument classified as Equity		
6,01,183 (P Y : 777,783) 0.0001% Series A Optionally Convertible Debentures of Rs. 100 each (Refer Note 16.1 below)	6,01,18,300	7,77,78,300
43,10,000 (P Y:70,00,000) 0.0001% Optionally Fully Convertible Debentures of Rs. 100 each (Refer Note 16.2)	43,10,00,000	70,00,00,000
Total	49,11,18,300	77,77,78,300
Total (a to e)	**34,89,62,860**	**74,72,43,383**

16.1 0.0001% Series A Optionally Convertible Debenture holders have an option to convert the debentures into equity shares on or before March, 2020. Each debenture is convertible into equity shares of Rs. 10 each fully paid at premium of Rs. 2400 on the date of conversion. The company has an option to redeem the shares in one or more tranches at the redemption premium not exceeding Rs. 10/- per Optionally Convertible Debenture.

16.2 0.0001% Optionally Fully Convertible Debenture holders have an option to convert the debentures into equity shares on or before October 1, 2026. Each debenture is convertible into equity shares of Rs. 10 each fully paid at premium of Rs. 1740 on the date of conversion. The company has an option to redeem the shares in one or more tranches at the redemption premium not exceeding Rs. 10/- per Optionally Fully Convertible Debenture on or before October 1, 2026.

Description of nature and purpose of each reserve

1 Security Premium Reserves : Securities premium reserve represents premium received on equity shares and debentures issued, which can be utilised only in accordance with the provision of the Companies Act, 2013 for specified purposes.

2 Debenture Redemption Reserves: Debenture Redemption Reserves represents the statutory reserve for convertible debentures issued. This is in accordance with the provisions of Indian coprorate law wherein a portion of profits are apportioned each year until the aggregate amount equals to 25% of the face value of the debentures issued and outstanding. These reserve will

17 Borrowings

Non - Current component of Borrowingss		
Secured		
Term Loans From Banks (Refer Note 17.1 below)	87,76,14,449	88,29,63,977
Total	87,76,14,449	88,29,63,977

17.1 Term Loan from Banks of Rs. 89,80,84,944 (P. Y. Rs. 900,0,00,000) is secured by first and exclusive charge over land and building, receivables of project Phoenix Paragaon Plaza. Loan shall be payable starting from Jan 2018 with moratorium period of one year from the date of disbursement.

17.2 **Maturity profile of Secured Term Loan are as set out below:**

Maturity Profile

(Amount in Rs.)

	2018-19	2019-20	2020-21	2021 onwards
Term Loan - from Banks	73,17,780	1,65,91,740	3,85,45,116	82,24,77,594

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(Amount in Rs.)

Particulars		As at 31st March, 2018	As at 31st March, 2017
18 Provisions			
Provision for Leave Encashment		7,29,842	12,50,257
	Total	**7,29,842**	**12,50,257**
19 Other Non - Current Liabilities			
Security Deposit for Lease rentals		10,92,75,747	9,52,85,462
	Total	**10,92,75,747**	**9,52,85,462**
20 Borrowing			
Secured			
Working Capital Facility (refer Note 20.1)		20,82,68,793	24,80,78,649
Unsecured			
Inter Corporate Deposits from related party (Refer note 38)		47,50,00,000	-
	Total	**68,32,68,793**	**24,80,78,649**

20.1 Working Capital facility from Banks of Rs. 20,82,68,793 (P.Y Rs. 24,80,78,649) is secured by first and exclusive charge over land and building, receivables of project Phoenix Paragaon Plaza.

21 Trade Payables			
Micro and Small Enterprises*		-	-
Others		3,08,67,650	3,85,36,968
	Total	**3,08,67,650**	**3,85,36,968**

* 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, 2018. 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.

The disclosure pursuant to the said Act under:

a) Principal amount due to supplier under MSMED Act, 2006		-	-
b) Interest accrued and due on the above amount, unpaid		-	-
c) Payment made beyond the appointed day during the year		-	-
d) Interest paid		-	-
e) Interest due and payable for the period of delay		-	-
f) Interest remaining due and payable in succeeding year		-	-
22 Other Financial Laibilities			
Current Maturities of Long Term Borrowings (Refer Note 17.3)		73,17,780	26,59,800
Deposit from Related Party (Refer Note 38)		52,14,10,394	56,67,59,894
Interest Accrued and not Due		2,45,91,145	7,85,68,776
	Total	**55,33,19,319**	**64,79,88,470**
23 Other Current Liabilies			
Advances from Customer		2,09,57,436	2,63,24,033
Security Deposit for Lease rentals		71,75,510	35,87,072
Advance against Income		37,46,650	-
Other Payables			
- Statutory Dues		34,69,522	1,02,75,346
- Others		1,21,70,206	2,53,03,440
	Total	**4,75,19,324**	**6,54,89,891**
24 Provisions			
Provision for Leave Encashment		45,435	71,858
	Total	**45,435**	**71,858**

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(Amount in Rs.)

Particulars			2017-18	2016-17
25	**Revenue from operations**			
	Income from Property Development		29,72,575	83,23,820
	Sale of Services		21,00,21,725	16,81,16,334
	Other Operative Income		1,68,617	-
	Total		**21,31,62,917**	**17,64,40,154**
A)	**Broad categories of Sale of Service**			
	License Fees and Rental Income		13,68,83,560	8,88,12,410
	Service Charges		7,31,38,165	7,93,03,924
			21,00,21,725	**16,81,16,334**
26	**Other Income**			
	Interest on Fixed Deposit		-	28,93,417
	Interest others		3,71,578	-
	Excess Provision Written back		12,61,137	-
	Exchange rate difference		-	2,558
	Other Income		46,45,623	16,33,806
		Total	**62,78,338**	**45,29,781**
27	**Cost of Construction**			
	Approvals and Statutory Payments		-	3,21,400
	RCC and Civil Work		-	2,84,193
	Fit outs and Interior work		4,35,741	-
		Total	**4,35,741**	**6,05,593**
28	**Change in Inventory**			
	Work in Progess/Finished Realty stock at the beginning of the year		1,28,15,668	2,52,43,78,230
	Less:			
	Inventory capitalised		-	2,50,56,41,200
	Work in Progress/ Finished Realty Stock at the end of the year		1,13,19,845	1,28,15,668
		Total	**14,95,823**	**59,21,363**
29	**Employee Benefit Expenses**			
	Salaries , Wages and Bonus		2,62,85,490	3,14,19,446
	Contribution to Provident and other welfare fund		6,63,787	7,16,816
	Gratuity and Leave encashment		93,191	7,15,048
	Staff Welfare Expenses		2,65,363	3,45,117
				-
		Total	**2,73,07,831**	**3,31,96,427**
30	**Finance Cost**			
	Interest on Term Loan		13,85,12,225	18,44,13,301
	Processing Fees		11,65,641	3,85,352
	Other Charges		1,04,519	63,364
		Total	**13,97,82,385**	**18,48,62,016**

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(Amount in Rs.)

	Particulars	**2017-18**	**2016-17**
31	**Other Expenses**		
	Electricity Charges	1,42,64,610	1,54,13,519
	Water Charges	37,78,523	24,06,218
	Repairs & Maintenance		
	Building	19,85,213	6,16,125
	Plant & Machinery	47,94,815	21,76,769
	Others	12,47,284	8,01,144
	Housekeeping and Security Charges	1,77,73,531	1,83,64,211
	Rates and Taxes	2,11,56,118	2,10,08,204
	Insurance	13,57,809	15,28,570
	Audit Fees (Refer Note 31.1)	5,25,000	6,00,000
	Travelling & Conveyance	99,470	7,56,866
	Printing & Stationery	2,83,974	3,10,576
	Telephone & Communication Expenses	3,53,305	6,54,114
	Legal & Professional Charges	80,19,972	99,13,035
	Fees & Other Charges	41,046	10,718
	Directors Sitting Fees	1,00,100	80,000
	Compensation A/c.	8,27,600	-
	Selling & Distribution Expenses	6,76,903	2,76,789
	Brokerage & Consultancy Charges	38,61,422	97,23,456
	Loss on cancellation of unit	49,72,658	-
	Loss on sale of asset	4,18,007	-
	Foreign Exchanage Rate Difference	405	-
	Bad Debts Written off	-	62,84,452
	Provision for Doubtful Debts & Advances	-	2,50,97,567
	Rebates & Settlement-Others	1,07,97,996	26,49,401
	Miscellaneous Expenses	21,80,824	14,85,079
	Total	**9,95,16,585**	**12,01,56,813**
31.1	**Payment to Auditor**		
	As Auditor:		
	Audit Fees	5,25,000	5,25,000
	Tax audit Fees	-	75,000
	Total	**5,25,000**	**6,00,000**
32	**Contingent Liabilities and Capital Commiments**		
a	Estimated amount of contracts remaining to be executed on capital account not provided for	9,17,331	82,30,284

b Contingent liabilities not provided for-

1 Municipal Corporation of Greater Mumbai has raised a demand of Rs. 2,05,56,508 towards property tax for the period April 2015 – March 2016, against which the Company has paid 50% of the demanded amount under protest. The balance amount would be payable on the final outcome. Company has provided full amount of demand in the books on conservative basis.

2 Claims against the Company not acknowledge as debt is approx of Rs. 18,41,00,000 and interest thereon.

The above litigations are not expected to have any material adverse effect on the financial position of the Company.

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(Amount in Rs.)

33 Fair Value of Financial Assets and Liabilities:

Set out below is the comparison by class of carrying amounts and fair value of Company's financial instruments that are reognised in the financial statements.

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets designated at amortised cost				
Trade Receivables	3,47,17,650	3,47,17,650	8,45,44,836	8,45,44,836
Cash and Cash Equivalents	1,83,65,011	1,83,65,011	39,10,010	39,10,010
Other financial assets	-	-	1,00,00,000	1,00,00,000
Total	**5,30,82,661**	**5,30,82,661**	**9,84,54,846**	**9,84,54,846**
Financial liabilities designated at amortised cost				
Borrowings - Fixed rate	47,50,00,000	47,50,00,000	-	-
Borrowings - Variable rate	1,09,32,01,022	1,09,32,01,022	1,13,37,02,426	1,13,37,02,426
Trade payables and others	3,08,67,650	3,08,67,650	3,85,36,968	3,85,36,968
Other financial liabilities	54,60,01,539	54,60,01,539	64,53,28,670	64,53,28,670
Total	**2,14,50,70,211**	**2,14,50,70,211**	**1,81,75,68,064**	**1,81,75,68,064**

Fair valuation techniques:

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.
The following methods and assumptions were used to estimate the fair values
Fair value of Financial Assets & Financial Liability(except long term borrowings) are carried at amortised cost is not materially different from it's carrying cost.

Fair Value hierarchy:

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Level 1: Quoted prices / published NVA (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

34 Financial risk Management:

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

- **Market risk:**
  Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and investments in securities.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk through purchases of goods or services from overseas supplier in foreign currency. The Company generally transacts in US dollar.
The Company is exposed to insignificant foreign exchange risk as at the respective reporting dates.

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Interest rate risk

Fluctuation in fair value or future cash flows of a financial instrument because of changes in market interest rates gives rise to interest rate risk.

Almost 100% of the company's borrowings are linked to MCLR + 1.75%. With all other variables held constant, the following table demonstrates the impact of change in interest rate on borrowing cost on floating rate portion of loans.

Increase/ (decrease) in Interest cost of Long term borrowings for the year:

Change in Rate of Interest	Effect on Profit/(Loss) before tax	
	2017-18	2016-17
+1%/-1%	1,09,32,010	1,13,37,024

Commodity and Other price risk

The Company is not exposed to the comodity and other price risk.

- **Credit Risk**

Credit risk is the risk of financial loss to the Company that a customer or counter party to a financial instrument fails to meet its obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds, financial institutions and other financial instruments.

Trade and other recivables:

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Company periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Company continues regular followup , engage with the customers, legal options / any other remedies available with the objective of recovering these outstandings.

The Company is not exposed to concentration of credit risk to any one single customer since services are provided to vast specturm and hence, the concentration of risk with respect to trade receivables is low. The Company also takes security deposits, advances , post dated cheques etc from its customers, which mitigate the credit risk to an extent.

Cash and cash equivalents an other investments

The Company is exposed to counter party risk relating to medium term deposits with banks and investment in mutual funds.

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings.

Exposure to credit risk

The gross carrying amount of financial assets, net of impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at March 31.2018 and March 31, 2017 is as follows:

	As at 31/03/2018	As at 31/03/2017
Financial assets for which loss allowances is measured using 12 months Expected Credit Losses (ECL):		
Cash and cash equivalents	1,83,65,011	39,10,010
Other financial assets	-	1,00,00,000
Financial assets for which loss allowances is measured using Life time Expected Credit Losses (ECL):		
Trade receivables	3,47,17,650	8,45,44,836

Life time Expected credit loss for Trade receivables under simplified approch

Aging of Trade Receivables	Past Due				Total
	0-90 days	90-180 days	180 - 360 days	over 360 days	
As at 31st March, 2018					
Gross Carrying Amount	70,61,652	11,08,669	20,63,599	2,74,13,084	3,76,47,004
Expected credit losses (Loss allowance provision)	7,231	12,565	1,23,455	27,86,104	29,29,354
Net Carrying Amount	70,54,421	10,96,105	19,40,144	2,46,26,979	3,47,17,650
As at 31st March, 2017					
Gross Carrying Amount	1,98,38,720	1,11,31,770	2,26,35,149	7,44,73,140	12,80,78,780
Expected credit losses (Loss allowance provision)	16,187	41,268	11,24,575	4,23,51,914	4,35,33,944
Net Carrying Amount	1,98,22,533	1,10,90,502	2,15,10,574	3,21,21,226	8,45,44,836

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(Amount in Rs.)

Reconciliation of Changes in the life time expected credit loss allowance:	2017-18	2016-17
Loss allowance on 1 April,	4,35,33,944	1,84,36,377
Provided during the year	18,87,317	2,50,97,567
Amount written off during the year	(3,93,43,453)	-
Reversal of provision	(31,48,454)	-
Loss allowance on 31st March,	29,29,354	4,35,33,944

Cash and Cash equivalent, other Investment, Loans an other financial assets are neither past due nor impaired. Management is of view that these financial assets are considered good and 12 months ECL is not provided.

- Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current borrowings are sufficient to meet its short to medium term expansion needs. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company is required to maintain ratios (such as debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels and also cash deposits with banks to mitigate the risk of default in repayments. In the event of any failure to meet these covenants , these loans become callable to the extent of failture at the option of lenders, except where exemption is provided by lender.

Particulars	As at March 31, 2018					
	Carrying Amount	On Demand	Less than 12 months	1- 5 years	>5 years	Total
Borrowings	1,56,82,01,022	68,32,68,793	73,17,780	24,74,31,682	63,01,82,767	1,56,82,01,022
Other Financial Liabilities	54,60,01,539	54,60,01,539	-	-	-	54,60,01,539
Trade and other payables	3,08,67,650	91,63,049	2,17,04,601	-	-	3,08,67,650

Particulars	As at March 31, 2017					
	Carrying Amount	On Demand	Less than 12 months	1- 5 years	>5 years	Total
Borrowings	1,13,37,02,426	24,80,78,649	38,83,308	25,12,72,932	63,04,67,537	1,13,37,02,426
Other Financial Liabilities	64,53,28,670	64,53,28,670	-	-	-	64,53,28,670
Trade and other payables	3,85,36,968	1,25,25,550	2,60,11,418	-	-	3,85,36,968

Capital management

The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2018 and March 31, 2017.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings less cash and short term deposits.

Pariculars	**As At 31/03/2018**	**As At 31/03/2017**
Loans and Borrowings	1,56,82,01,022	1,13,37,02,426
Less: Cash and cash equivalents + Bank Deposits	1,83,65,011	39,10,010
Net Debt	1,54,98,36,011	1,12,97,92,417
Total Capital	34,96,38,540	74,79,19,063
Capital+Net Debt	1,89,94,74,551	1,87,77,11,480
Gearing Ratio	0.82	0.60

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(Amount in Rs.)

Particulars	2017-18	2016 -17
35 Taxation		
Income tax related to items charged or credited to profit or loss during the year:		
A Statement of Profit or Loss		
1 Current Income Tax	-	-
	-	-
2 Deferred Tax expenses/ (benefits):		
Relating to origination and reversal of temporary differences	1,35,26,369	(79,78,602)
	1,35,26,369	(79,78,602)
Total Income tax Expenses (1 to 2)	1,35,26,369	(79,78,602)
B Reconciliation of Current Tax expenses:		
Profit /(Loss) from Continuing operations	(9,61,68,322)	(17,72,98,183)
Applicable Tax Rate	25.75%	30.90%
Computed tax expenses	(2,47,63,343)	(5,47,85,139)
Additional allowances for tax purpose	(5,07,68,249)	(5,59,29,427)
Additional allowances for capital gain	-	(4,46,08,156)
Expenses not allowed for tax purposes	14,95,895	99,92,634
Other temporary allowances	(2,33,707)	(1,73,764)
Taxes on Carry Forward Losses	7,42,69,404	14,55,03,852
Total	-	-
C Deferred Tax Recognised in statement of profit and Loss relates to the following:		
Accelerated depreciation for tax purpose	7,16,701	26,353
Expenses allowable on payment basis	1,25,46,818	(80,09,729)
Provision for loss allowance	1,68,973	4,774
Due to change in Tax rate	93,876	-
Deferred Tax Liabilities/ (Asset)	1,35,26,369	(79,78,602)
D Reconciliation of deferred tax liabilites/(asset) net:		
Opening balance as on 1st April	1,40,24,488	60,45,884
Tax expenses / (income) during the period	(1,35,26,369)	79,78,602
Closing balance as on 31st March	4,98,119	1,40,24,486
36 Employees Benefits:		
Expenses recognised for Defined contribution plan:		
Company's Contribution to Provident Fund	6,46,597	7,11,253
Company's Contribution to Employees State Insurance	17,190	5,563
	6,63,787	7,16,816

Expenses recognised for Defined benefits plan:

The company provides gratuity benefit to its employees which are a defined benefit plan. The present value of obligations is determined based on actuarial valuation using the Projected Unit Credit Method.

	Gratuity (Funded)	
	2017-18	2016-17
1 Change in Defined Benefit Obligation during the year		
Defined Benefit Obligation at the beginning of the year	16,56,829	17,81,326
Interest Cost	1,37,049	1,56,774
Current Service Cost	2,15,928	3,01,208
Benefits paid during the year	(8,69,711)	(4,54,615)
Actuarial (gain)/loss on Defined Benefit Obligation	32,214	(1,27,864)
Defined Benefit Obligation at the end of the year	13,31,171	16,56,829

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(Amount in Rs.)

	2017-18	2016-17
2 Change in fair value of Plan Assets during the year		
Fair value of Plan Assets at the beginning of the year	27,41,132	25,39,803
Expected Return on plan assets	2,02,177	1,91,983
Contribution	50,000	5,00,000
Benefits paid during the year	(8,69,711)	(4,54,615)
Actuarial (gain)/loss on Plan Asset	(1,27,618)	(36,039)
Fair value of Plan Assets at the end of the year	19,95,980	27,41,132
3 Amount to be recognized in Balance sheet:		
Present value of Defined Benefit Obligation	13,31,171	16,56,829
Fair Value of plan assets at the end of the year	19,95,980	27,41,132
Amount recognized in Balance sheet	(6,64,809)	(10,84,303)
4 Current / Non - current bifurcation:		
Current benefit obligation	-	-
Non - current benefit obligation	(6,64,809)	(10,84,303)
5 Expenses recognised in the statement of Financial position for the year		
Current Service Cost	2,15,928	3,01,208
Interest cost on obligation	1,37,049	1,56,774
Expected Return on plan assets	(2,02,177)	(1,91,983)
Expense recognized in the statement of Profit & Loss account	1,50,800	2,65,999
6 Recognised in Other Comprehensive income for the year		
Remeasurement due to:		
Effect of change in financial assumptions	-1,03,319	31,502
Effect of change in demographic assumptions	-	0
Effect of experience adjustments	1,35,533	(1,59,366)
Return on plan of assets(excluding interest)	1,27,618	36,039
Net Actuarial (gain)/loss recognized for the year	1,59,832	(91,825)
7 Maturity profile of defined benefit obligation		
Within the next 12 months	66,632	90,864
Between 2 to 5 years	3,41,054	4,58,966
Between 5 to 10 years	4,96,330	6,32,323
8 Acturial assumptions used for estimating defined benefit obligations		
Discount Rate	8.25%	7.70%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Assets	8.25%	7.70%
Attrition/ Withdrawal Rate	5%	5%
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
The weighted average duration of plan	12.53 years	10.89 years

Notes:

1 Salary escalation rate is arrived after taking into account regular increaments, price inflation and promotion and other relevant factors such as supply and demand in employment market.
2 Discount rate is based on prevailing market yields of Indian Government Securities as at balance sheet date for estimated term of
3 Attrition rate/ withdrawal rate is based on Company's policy towards retention of employees, historical data and industry outlook.
4 Expected contribution to defined benefit plans for the financial year 2018-19 is Rs. Nil
5 The above information is certified by actuary.

9 Sensitivity analysis:

Increase/ (decrease) on present value of defined benefits obligations at the end of the year:

Change in assumption	Change in assumption	Effect on Gratuity obligation 2017-18	2016-17
Discount rate	1%	12,10,012	15,08,233
	-1%	14,71,068	18,29,509
Salary Escalation rate	1%	14,28,577	17,12,675
	-1%	12,31,838	15,93,264
Withdrawal rate	1%	13,46,017	16,96,513
	-1%	13,12,897	16,09,385

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(Amount in Rs.)

These gratuity plan typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Unfunded scheme - Earned Leaves

Particulars	2017-18	2016-17
Present value of funded obligations	7,75,277	13,22,115
Expenses recognised in the statement of profit and loss	7,75,277	13,22,115
In Other comprehensive income		
Actuarial (Gain) / Loss - Plan liabilities	-	-
Actuarial (Gain) / Loss - Return On Plan Assets		-
Net (Income)/ Expense For the period Recognized in OCI	-	-
Discount rate (per annum)	8.25%	7.70%
Salary escalation rate (per annum)	7.50%	7.50%

37 Earning per share:

Reconciliation of Equity shares in computing weighted average number of equity shares

	2017-18	2016-17
a) Weighted Average number of equity shares - Basics		
Issued fully paid equity shares as on April 1, 2016	67,568	67,568
b) Weighted Average number of equity shares - Diluted		
Weighted Average number of equity shares - Basics	67,568	67,568
Equity Shares issuable on conversion of Optionally Convertible Debentures	59,47,804	77,77,783
	60,15,372	78,45,351
c) Net profit after tax as per Statement of Profit and Loss	(10,96,94,691)	(16,93,19,580)
Add: Interest on debentures after tax	712	428
Net profit after tax as per Statement of Profit and Loss available for equity shareholders	(10,96,93,979)	(16,93,19,152)
d) Basic Earnings per share (Rs.)(c/a)	(1,623.5)	(2,505.9)
e) Diluted Earnings per share (Rs.)*	(1,623.5)	(2,505.9)
f) Face value per equity share (Rs.)	10	10

* Antidilutive, hence same as Basic EPS

38 Related party Disclusure:

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods, are:

a) Related Party with whom transactions have been taken place and relationships:

	Name of the party	Relationship
1	The Phoenix Mills Limited	Ultimate holding company
2	Market City Resources Private Limited	Fellow Subsidiary
3	Island Star Mall Developers Private Limited	Fellow Subsidiary
4	Offbeat Develpoers Private Limited	Fellow Subsidiary
5	Palladium Construction Private Limited	Fellow Subsidiary
6	HBS Realtors Private Limited	Enterprise having significant influence

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GRACE WORKS REALTY & LEISURE PRIVATE LIMITED

Notes on Financials Statements for the year ended 31[st] March, 2018

b) Transactions during the year with related party:

(Amount in Rs.)

Sr. No.	Nature of Transaction	Name of Company							
		The Phoenix Mills Limited	**Phoenix Hospitality Company Private Limited**	**Market City Resources Private Limited**	**Offbeat Developers Private Limited**	**Palladium Constructions Private Limited**	**H B S Realtors Private Limited**	**Island Star Malls Developers Private Limited**	**Vamona developers**	**Total**
1	Deposits refunded	- (-)	- (-)	1,00,00,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,00,00,000 (-)
2	Interest on Short Term Borrowings	23,04,966 (8,46,72,641)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	23,04,966 (8,46,72,641)
3	Issuance of Optionally Fully Convertible	6,50,00,000 (70,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	6,50,00,000 (70,00,00,000)
4	Redemption of Optionally Fully Convertible	33,40,00,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	33,40,00,000 (-)
5	Interest on Debentures	640 (350)	60 (60)	- (-)	- (-)	- (-)	12 (18)	- (-)	- (-)	712 (428)
6	Reimbursement of Expenses	- (-)	- (-)	29,952 (-)	5,12,000 (32,86,896)	- (-)	- (-)	- (-)	- (-)	5,41,952 (32,86,896)
7	Business Support Services	- (-)	- (-)	9,00,000 (55,99,770)	- (-)	- (-)	- (-)	- (-)	- (-)	9,00,000 (55,99,770)
8	Other Deposit given	18,85,00,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	18,85,00,000 (-)
9	Other Deposit refunded	- (-)	- (-)	- (-)	- (-)	- (-)	4,55,74,000 (-)	18,82,75,500 (-)	- (-)	23,38,49,500 (-)
9	Sale of Asset/ service	- (-)	- (-)	- (-)	60,00,000 (-)	- (-)	- (-)	- (-)	- (3,99,606)	60,00,000 (3,99,606)

c) Closing Balance as on March 31, 2018:

(Amount in Rs.)

Sr. No.	Nature of Transaction	Name of Company							
		The Phoenix Mills Limited	**Phoenix Hospitality Company Private Limited**	**Market City Resources Private Limited**	**Offbeat Developers Private Limited**	**Palladium Constructions Private Limited**	**H B S Realtors Private Limited**	**Island Star Malls Developers Private Limited**	**Vamona developers**	**Total**
1	Debentures	43,10,00,000 (70,00,00,000)	6,01,18,300 (6,01,18,300)	- (-)	- (-)	- (-)	- (1,76,60,000)	- (-)	- (-)	49,11,18,300 (77,77,78,300)
2	Deposit taken	18,85,00,000 (-)	- (-)	- (-)	- (-)	- (-)	8,29,10,394 (12,84,84,394)	25,00,00,000 (43,82,75,500)	- (-)	52,14,10,394 (56,67,59,894)
3	Short Term Loans (Net)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
4	Deposit given	- (-)	- (-)	- (1,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (1,00,00,000)
5	Trade Payables	- (-)	- (-)	- (-)	32,98,896 (27,86,896)	- (-)	- (-)	- (-)	- (-)	32,98,896 (27,86,896)
6	Interest Accrued and not due	640 (23,62,893)	60 (60)	- (-)	- (-)	- (-)	0 (77)	- (-)	- (-)	700 (23,63,030)
7	Trade Receivables	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (3,99,606)	- (3,99,606)

Note : - Figures in brackets represents previous year's figures.

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GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
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(Amount in Rs.)

39 Segment reporting:

The Company is mainly engaged in real estate activities catering to Indian customers. Accordingly, the Company has only one identifiable segment reportable under IndAS 108"Operating Segment".

Board of Directors (the'Chief Operational Decision Maker as defined in INDAS108 – Operating Segments) monitors the operating results of the entity's business for the purpose of making decisions about resource allocation and performance assessment.

The revenues from transactions with a single customer not amount to 10 per cent or more of an entity's revenues. For broad categeory of services rendered refer note no. 24.

40 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.

41 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 **D T S Associates**
(Firm Registration No: 142412W)
Chartered Accountants

Ashish G. Mistry
Partner
Membership No. 132639

Place : Mumbai
Date : 7th May, 2018

D T S & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)