INDEPENDENT AUDITOR'S REPORT

To the Members of Market City Resources Private Limited
Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Market City Resources Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of 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 (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the 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 March 31, 2019, its Profit including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report including Annexures. but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Board of Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Statement Of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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.

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

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 including Other Comprehensive Income , the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

   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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company does not have any pending litigations on its financial position.

      ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration no**.** 101720W/W100355)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: 13th May, 2019

"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 & 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 & nature of its assets. No material discrepancies were noticed on Physical Verification.

c. As the company had no Immovable Property during the year, Clause (c) (i) of paragraph of the order is not applicable.

ii) As the Company had no Inventories during the year, clause (ii) of paragraph of 3 of the Order is not applicable to the Company

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, Goods and Service Tax, Customs Duty, Cess, and any other statutory dues have been generally regularly deposited with the 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, 2019 for a period of more than six months from the date of becoming payable.

b. According to the information and explanations given to us, there are no dues of income tax, goods and service tax, duty of customs, 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 or Debenture Holders of the company.

ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or terms loans, and hence Clause (ix) of paragraph 3 is not applicable to the company.

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) In our opinion and according to the information and explanations given to us, company has not paid any managerial remuneration and hence Clause (xi) of paragraph 3 of the Order is not applicable to the Company.

xii) In our opinion company is not a Chit Fund/ 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 :

a) In our opinion and according to the information and explanations given to us, section 177 is not applicable to the company

b) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section188 of the Act and their details have been disclosed in the Ind AS financial statements etc., as required by the applicable accounting standards.

xiv) In our opinion and according to the information and explanations given to us, the Company has not made preferential allotment of Optionally Convertible Debentures during the year and hence clause (xiv) is not applicable to the company.

xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.

xvi) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration no**.** 101720W/ W100355)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: 13th May, 2019

“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 **Market City Resources Private Limited** (“the company”) as of 31st March, 2019 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 judgment, 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 a 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 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration no**.** 101720W/ W100355)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: 13th May, 2019.

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Balance Sheet as at 31st March,2019

(Amount in ₹)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	5	5,22,10,974	4,94,24,818
Intangible Assets	5	85,34,136	91,06,207
Intangible Assets Under Development	5	21,57,713	30,620
Financial Assets			
Investments	6	55,50,000	55,50,000
Deferred Tax Assets (Net)	7	49,48,685	24,99,605
Other Non Current Assets	8	13,83,499	13,81,499
Current assets			
Financial Asset			
Investments	9	4,64,01,885	-
Trade Receivables	10	2,360	5,80,28,908
Cash and Cash Equivalents	11	1,08,32,992	2,01,15,086
Others	12	3,31,60,346	-
Current Tax Assets (Net)	13	2,95,56,616	1,79,30,319
Other Current Assets	14	22,95,446	14,59,551
Total		**19,70,34,651**	**16,55,26,613**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	1,00,000	1,00,000
Other Equity	16	14,99,27,104	11,40,06,799
Non-Current Liabilities			
Financial Liability			
Borrowings	17	39,706	12,05,756
Provisions	18	1,58,84,979	94,90,104
Current Liabilities			
Financial Liability			
Trade Payables			
a. total outstanding dues of micro enterprises and small enterprises	19	-	-
b. total outstanding dues of creditors other than micro enterprises and small enterprises	19	19,82,256	27,60,887
Others Finacial Liabilities	20	12,31,058	13,72,789
Other Current Liabilities	21	2,43,27,663	3,47,08,462
Provisions	22	35,41,885	18,81,816
Total		**19,70,34,651**	**16,55,26,613**

Significant Accounting Policies and Notes to Financial Statements — 1 to 35

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration No.101720W/W100355)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Rajendra Kalkar
Director
(DIN-03269314)

Prashant Khandelwal
Director
(DIN-08067106)

Place : Mumbai
Date : 13th May, 2019

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)

Statement of Profit and Loss for the year Ended 31st March, 2019.

(Amount in ₹)

Particulars	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
Income:			
Revenue from Operations	23	41,72,25,010	29,22,03,761
Other Income	24	11,62,747	5,31,581
Total Revenue		**41,83,87,757**	**29,27,35,342**
Expenditure :			
Employee Benefit Expenses	25	30,24,05,899	21,99,31,775
Finance Costs	26	2,20,287	3,11,932
Depreciation and Amortisation	5	1,34,90,992	1,27,21,603
Other Expenses	27	8,44,36,097	5,98,83,178
Total Expenses		**40,05,53,275**	**29,28,48,488**
Profit Before Tax		1,78,34,482	(1,13,146)
Less : Tax expenses			
Current Tax	30	68,52,111	7,93,392
Deferred Tax	30	(24,49,081)	(11,35,754)
Excess Provision Written Back / Income Tax for Earlier year	30	53,810	(1,10,031)
Profit / (Loss) for the year		**1,33,77,642**	**3,39,246**
Other Comprehensive Income			
Items that will not be reclassifled to proflt or loss		(41,15,812)	7,36,340
Income tax relating to items that will not be reclassified to profit or loss			
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss		10,70,111	(1,89,608)
Other Comprehensive Income for the year (B)		**(30,45,701)**	**5,46,732**
Total Comprehensive Income for the year (A+B)		**1,03,31,941**	**8,85,979**
Earning per Equity share of Face Value of ₹. 10 each			
Basic EPS (In ₹.)	34	**1,337.76**	**33.92**
Diluted EPS (In ₹)		**1,337.76**	**33.92**

As per our Report of even date
Significant Accounting Policies and Notes to Financial Statements — 1 to 35

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration No.101720W/W100355)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Rajendra Kalkar
Director
(DIN-03269314)

Prashant Khandelwal
Director
(DIN-08067106)

Place : Mumbai
Date : 13th May, 2019

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Cash Flow Statement for the Financial Year ended 31st March, 2019

(Amount in ₹)

Sr. No.	Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax as per Profit and Loss Account	1,78,34,482	(1,13,146)
	Adjusted for:		
	Interest Income	-	(5,07,797)
	(Profit)/Loss on sale of Property, Plant & Equipment	(29,811)	(23,784)
	Profit on Sale of Investment	(7,31,051)	-
	Gain on fair valuation of investments measured at fair value through profit or loss	(4,01,885)	-
	Actuarial Gain/(Loss) through OCI	(30,45,701)	-
	Other Equities - Salary	2,55,88,364	2,08,84,835
	Finance Cost	2,20,287	3,11,932
	Depreciation	1,34,90,992	1,27,21,603
	Operating Cash flow before Working Capital Changes	**5,29,25,677**	**3,32,73,643**
	Movements in Working Capital		
	Trade and Other Receivables	2,40,28,309	45,82,675
	Trade and Other Payables	(31,04,486)	(19,41,930)
	Cash generated from / (Used In) Operations	**7,38,49,500**	**3,59,14,388**
	Less : Taxes Paid	(1,85,32,218)	(53,63,899)
	Net Cash generated / (used in) from Operating Activities (A)	**5,53,17,282**	**3,05,50,489**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	(1,78,81,419)	(61,45,409)
	Purchase of Mutual Investment	(10,45,00,000)	-
	sale of mutual	5,92,31,051	-
	Purchase of Investment of Associate	-	(55,50,000)
	Sale of Property, Plant & Equipment	52,980	97,479
	Interest Income	29,811	5,07,797
	Net Cash generated from (used in) Investing Activities (B)	**(6,30,67,577)**	**(1,10,90,134)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceed from Long Term Borrowings	-	-
	Repayment of Long Term Borrowings	(13,02,484)	(11,77,075)
	Interest Expense	(2,29,314)	(3,20,477)
	Net Cash generated from (Used in) Financing Activities (C)	**(15,31,798)**	**(14,97,552)**
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	**(92,82,094)**	**1,79,62,803**
	Cash and cash equivalents at beginning of the year	2,01,15,086	21,52,282
	Cash and cash equivalents at the end of the year (Note No. 11)	**1,08,32,992**	**2,01,15,086**

Sr. No.	Particulars			
	Notes to Cash Flow			
1	**Componets of Cash & Cash equivalents :**			
	Cash on hand		74,646	45,184
	Balance with Scheduled Bank		1,07,58,346	2,00,69,902
	Cash and Cash equivalents at the end of the year (Refer Note no. 11)		**1,08,32,992**	**2,01,15,086**
2	**Change in Liability arising from financing activities**	**01st April 2018**	**Cash Flow**	**31st March 2019**
	Borrowings - Non Current *	25,08,222	(13,02,484)	12,05,738
3	**Change in Liability arising from financing activities**	**01st April 2017**	**Cash Flow**	**31st March 2018**
	Borrowings - Non Current *	36,85,297	(11,77,075)	25,08,222

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

As per our Report of even date

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration No.101720W/W100355)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Rajendra Kalkar
Director
(DIN-03269314)

Prashant Khandelwal
Director
(DIN-08067106)

Place : Mumbai
Dated : 13th May, 2019

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes to Financial Statements for Year Ended 31st March, 2019.

(Amount in ₹)

Notes	Particulars	As at 31st March, 2019	As at 31st March, 2018
6	**Investments**		
	Investments measured at cost		
	Investments in Equity Instruments		
	Associate Company		
	5,000 (P.Y. 5,000) Columbus Investment Advisory Pvt Ltd.	55,50,000	55,50,000
		55,50,000	**55,50,000**
7	**Deferred Tax Assets / (Liability)**		
	Deffered Tax is Calculated in full on all temporary timing difference under the liablility method prevailing tax rate. The Movement on the deferred tax account is as follows :		
	At Start of Year	24,99,604	13,63,850
	Charge / (Credit) to profit Or loss (Refer Note 30)	24,49,081	11,35,754
	Charge to other comprehensive income	-	-
	At the end of the year	**49,48,685**	**24,99,604**
	Deferred Tax Liability		
	Related to fixed assets	(2,191)	4,57,095
	Financial assets measured at FTVPL and reduced from disallowance under IT Act	49,46,494	29,56,699
	Deffered Tax Assets (Net)	**49,48,685**	**24,99,604**
8	**Other Non Current Assets**		
	(Unsecured, and considered good)		
	Security Deposit	13,81,499	13,81,499
	Prepaid Expenses	2,000	-
		13,83,499	**13,81,499**
9	**Investments**		
	Investments In Mutual Funds		
	4690.996 Units (P.Y NIL) of Invesco India Money Market Fund	1,00,17,049	-
	4987.128 Units (P.Y NIL) of Reliance Money Market Fund	1,37,47,214	-
	4869.327 Units (P.Y NIL) of Reliance Liquid Fund	2,26,37,622	-
		4,64,01,885	-
10	**Trade Receivable**		
	(Unsecured and Considered Good)		
	From Related Parties	-	1,40,40,000
	From Others	2,360	4,39,88,908
		2,360	**5,80,28,908**
11	**Cash & Cash Equivalents**		
	Balances with Banks	1,07,58,346	2,00,69,902
	Cash on hand	74,646	45,184
		1,08,32,992	**2,01,15,086**
12	**Other Current Financial Assets**		
	Unbilled Revenue	3,31,60,346	-
		3,31,60,346	-
13	**Current Tax Assets (Net)**		
	Advance Income Tax (Net of Provision)	2,95,56,616	1,79,30,319
		2,95,56,616	**1,79,30,319**
	Movement in Provision :		
	At Start of year	1,79,30,319	1,33,59,812
	Charge for the year	(69,05,921)	(7,93,392)
	Tax Paid during the year	1,85,32,218	53,63,899
	At the end of the year -	**2,95,56,616**	**1,79,30,319**
14	**Other Current Assets**		
	Balance with Statutory Authorities	4,396	4,396
	Prepaid Expenses	22,00,782	11,58,036
	Advance to vendor	82,768	2,85,119
	Advances to employees	7,500	12,000
		22,95,446	**14,59,551**

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes to Financial Statements for Year Ended 31st March, 2019.

(Amount in ₹)

Notes	Particulars	As at 31st March, 2019	As at 31st March, 2018
15	**Share Capital**		
	Authorised		
	10,000 (PY : 10,000) Equity Shares of ₹ 10/- each	1,00,000	1,00,000
	Issued, Subscribed and Paid up		
	10,000 (PY : 10,000) Equity Shares of ₹ 10/- each	1,00,000	1,00,000
		1,00,000	**1,00,000**

a) Reconciliation of the Shares outstanding

	As at 31st March 2019	As at 31st March 2018
Equity Shares outstanding at the beginning the year	10,000	10,000
Shares Issued during the year	-	-
Equity Shares at the end of the year	**10,000**	**10,000**

b) Terms and Rights attached to shares.

The company has only one class equity shares having face value of ₹ 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.

c) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	31st March, 2019		31st March, 2018	
	Number of shares	% of Holdings	Number of shares	% of Holdings
The Phoenix Mills Limited	10,000	100	10,000	100

d) Details of Shares held by Holding Compnay

Name of Shareholder	31st March, 2019		31st March, 2018	
	Number of shares	% of Holdings	Number of shares	% of Holdings
The Phoenix Mills Limited (Holding Company)	10,000	100	10,000	100

Notes	Particulars	As at 31st March, 2019	As at 31st March, 2018
16	**Other Equity**		
	Profit and Loss Account		
	As per Last Balance Sheet	8,03,24,756	7,99,85,510
	Add : Profit / (Loss) for the Year	1,33,77,642	3,39,246
		9,37,02,398	**8,03,24,756**
	Other Comprehensive Income		
	As per last Balance Sheet	13,32,724	7,85,992
	Add : Acturial Gain / (Loss) on Employee Benefits (net)	(30,45,701)	5,46,732
		(17,12,977)	**13,32,724**
	Stock Option Reserve		
	As per last Balance Sheet	3,23,49,319	1,14,64,484
	Add : Recognition of Share Based Payments	2,55,88,364	2,08,84,835
		5,79,37,683	**3,23,49,319**
		14,99,27,104	**11,40,06,799**

Description of nature and purpose of each reserve

16.1 Stock Option Reserve in respect of ESOP issued by The Phoenix Mills Ltd (Holding Company)to the Company's employees.

17 Long Term Borrowings

(Secured)

	As at 31st March, 2019		As at 31st March 2018	
	Non Current	Current	Non Current	Current
Vehicle Loan from Bank	39,706	11,66,032	12,05,756	13,02,466
	39,706	**11,66,032**	**12,05,756**	**13,02,466**

17.1 Vehicle Loan are Secured against the respective vehicles purchased

17.2 Maturity Profile of Secured Loan is given below :

	2019-20	2020-21
Vehicle Loan from Bank	11,66,032	39,706
Total	**11,66,032**	**39,706**

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes to Financial Statements for Year Ended 31st March, 2019.

(Amount in ₹)

Notes	Particulars	As at 31st March, 2019	As at 31st March, 2018
18	**Provisions (Non Current)**		
	Provision for Compensated absences	92,22,726	62,61,577
	Provision for Gratuity	66,62,253	32,28,527
		1,58,84,979	**94,90,104**
19	**Trade Payable**		
	a. total outstanding dues of micro enterprises and small	-	-
	b. total outstanding dues of creditors other than micro enterprises and small enterprises	19,82,256	27,60,887
		19,82,256	**27,60,887**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year March 31,2019 or 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	-	-
20	**Other Financial Liabilities**		
	Current Maturities of Long Term Borrowings	11,66,032	13,02,466
	Interest accured but not due	8,416	17,443
	Creditors for Capital Assets	56,610	52,880
		12,31,058	**13,72,789**
21	**Other Current liabilities**		
	Deposit received from Customers	1,25,00,000	1,75,00,000
	Statutory Liabilities	99,45,423	1,27,41,525
	Advance from Customers	73,673	-
	Outstanding Liabilities	18,08,567	44,66,937
		2,43,27,663	**3,47,08,462**
22	**Provision (Current)**		
	Provision for Compensated absences	5,56,298	3,95,666
	Provision for Gratuity	29,85,587	14,86,150
		35,41,885	**18,81,816**

Market City Resources Private Limited.
(CIN : U55100MH2006PTC159544)
Statement of changes in equity for the Year ended 31st March, 2019

A. Equity share capital

(Amount In ₹)

	Opening balance as at 1 Apr 2018	Changes in equity share capital during the year	Closing balance as at 31 Mar 2019
10,000 (P.Y. 10,000) Equity Shares of ₹ 10/- each	1,00,000	-	1,00,000
	1,00,000	-	1,00,000

	Opening balance as at 1st Apr 2017	Changes in equity share capital during the year	Closing balance as at 31 Mar 2018
10,000 (P.Y. 10,000) Equity Shares of ₹ 10/- each	1,00,000	-	1,00,000
	1,00,000	-	1,00,000

B. Other Equity

(Amount In ₹)

Other Equity	Reserves and Surplus		Other Comprehensive Income Items that will not be reclassified to profit and loss	Total
	Share Based Payment Reserve	Retained Earning	Re-measurement of the net defined benefit Plans	
Balances at April, 2017	1,14,64,484	7,99,85,510	7,85,992	9,22,35,985
Profit/ (Loss) for the year	-	3,39,246	-	3,39,246
Remeasurement gain / (loss) on defined benefit Plans	-	-	5,46,732	5,46,732
Recognition of Share Based Payments	2,08,84,835	-	-	2,08,84,835
Balances at April, 2018	**3,23,49,319**	**8,03,24,756**	**13,32,724**	**11,40,06,799**
Profit/ (Loss) for the year	-	1,33,77,642	-	1,33,77,642
Remeasurement gain / (loss) on defined benefit Plans	-	-	(30,45,701)	(30,45,701)
Employee Stock Compensation Cost	2,55,88,364	-	-	2,55,88,364
Balances at March 31, 2019	**5,79,37,683**	**9,37,02,398**	**(17,12,977)**	**14,99,27,104**

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration No.101720W/W100355)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Rajendra Kalkar
Director
(DIN-03269314)

Prashant Khandelwal
Director
(DIN-08067106)

Place : Mumbai
Date : 13th May, 2019

Market City Resources Private Limited.
(CIN : CIN : U55100MH2006PTC159544)
Notes to financial statements for the Year Ended March, 2019

Note 5: Property, Plant & Equipment

(Amount in ₹.)

Particulras	Leasehold Improvements	Air Conditioner	Electrical Installation	Computers - Hardware	Elevator	Office equipment	Vehicles	Furniture & Fixtures	Intangible Assets	Intangible Assets Under Development	Total
Gross Block											
As at 1st April 2017	**8,39,80,976**	**86,36,579**	**31,48,442**	**2,27,63,303**	**12,22,955**	**64,72,206**	**76,78,269**	**1,00,70,536**	**89,73,371**	**-**	**15,29,46,637**
Additions/ (Disposals)	-	10,80,993	-	6,98,457	-	2,13,390	-	(2,79,424)	1,03,34,088	30,620	1,20,78,124
As at 31st March 2018	**8,39,80,976**	**97,17,572**	**31,48,442**	**2,34,61,760**	**12,22,955**	**66,85,596**	**76,78,269**	**97,91,112**	**1,93,07,459**	**30,620**	**16,50,24,761**
Additions/ (Disposals)	-	8,22,909	74,763	40,60,658	-	9,99,959	72,57,205	2,17,432	20,17,345	21,27,093	1,75,77,363
As at 31st March 2019	**8,39,80,976**	**1,05,40,481**	**32,23,205**	**2,75,22,418**	**12,22,955**	**76,85,555**	**1,49,35,474**	**1,00,08,544**	**2,13,24,804**	**21,57,713**	**18,26,02,124**
											-
Accumulated Depreciation											-
As at 1st April 2017	**3,74,79,155**	**68,59,788**	**21,45,350**	**2,05,73,856**	**8,27,432**	**57,00,067**	**45,23,346**	**87,99,282**	**80,27,046**	**-**	**9,49,35,321**
Charged for the year	49,00,751	12,66,118	3,47,941	15,28,130	1,42,774	3,96,146	15,17,270	4,48,267	21,74,206	-	1,27,21,603
Disposal/Transfer	-	-	-	6,11,607	-	83,298	-	4,98,904	-		11,93,809
As at 31st March 2018	**4,23,79,906**	**81,25,906**	**24,93,291**	**2,14,90,379**	**9,70,206**	**60,12,914**	**60,40,616**	**87,48,645**	**1,02,01,252**	-	10,64,63,115
Charged for the year	43,46,747	8,72,725	1,74,156	20,30,583	64,938	5,22,099	26,45,083	2,45,245	25,89,416	-	1,34,90,992
Disposal/Transfer		1,10,836	-	15,000	-	70,247	-	58,723	-		2,54,806
As at 31st March 2019	**4,67,26,653.35**	**88,87,794.67**	**26,67,447.22**	**2,35,05,961.94**	**10,35,143.90**	**64,64,766.39**	**86,85,699.20**	**89,35,166.59**	**1,27,90,667.80**	**-**	**11,96,99,301.06**
Net Block[W.D.V.]											
As at 1st April 2018	**4,16,01,070**	**15,91,666**	**6,55,151**	**19,71,381**	**2,52,749**	**6,72,682**	**16,37,653**	**10,42,467**	**91,06,207**	**30,620**	**5,85,61,646**
As at 31st March 2019	**3,72,54,323**	**16,52,686**	**5,55,758**	**40,16,456**	**1,87,811**	**12,20,788**	**62,49,775**	**10,73,377**	**85,34,136**	**21,57,713**	**6,29,02,823**

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes to Financial Statements for the Year Ended 31st March, 2019.

(Amount In ₹)

Notes	Particualrs	Year Ended 31st March, 2019	Year Ended 31st March, 2018
23	**Revenue from Operations**		
	Sale of Services	41,72,25,010	29,22,03,761
		41,72,25,010	**29,22,03,761**
	Particulars of Sale of Services		
	Project Management Consultancy Fees / Shared Services	41,72,25,010	29,22,03,761
		41,72,25,010	**29,22,03,761**
24	**Other Income**		
	Interest Income	-	5,753
	Interest on Income Tax Refund	-	5,02,044
	Profit on Sale of Investment	7,31,051	-
	Net gain arising on Financial assets measures at FVTPL	4,01,885	-
		11,62,747	**5,31,581**
25	**Employee Benefits Expense**		
	Salaries, wages and bonus	26,54,99,180	19,42,76,319
	Contribution to Provident Fund and Other Funds	53,78,674	58,43,355
	Staff welfare expenses	59,39,681	55,34,621
	Share based payments to Employees	2,55,88,364	2,08,84,835
		30,24,05,899	**22,65,39,130**
26	**Finance Costs**		
	Interest on ICD	34,247	-
	Interest on Car Loan	1,86,040	3,11,932
		2,20,287	**3,11,932**
27	**Other Expenses**		
	Electricity charges	26,45,182	28,94,667
	Rent	1,38,36,722	1,44,77,666
	Rates and Taxes	27,337	1,95,167
	Insurance	12,55,676	4,07,291
	General Expenses	38,37,817	30,22,333
	Donation	-	5,00,000
	Repairs and maintenance		
	Others	1,04,21,279	93,23,595
	Travelling and Conveyance	78,21,043	51,61,946
	Communuication expenses	1,06,80,270	90,85,415
	Postage & Courier	6,81,136	5,91,598
	Prinitng & stationary expenses	5,71,581	5,22,488
	Legal & Professional fees	2,95,75,658	1,16,95,400
	Payment to Auditor	6,67,500	5,83,125
	Interest on Service Tax	-	43,813
	Interest on GST	29,228	-
	Miscellaneous expenses	23,85,667	13,78,675
		8,44,36,097	**5,98,83,178**
	Payment to Auditor		
	Audit Fees	4,07,500	4,08,125
	Tax Audit Fees	50,000	50,000
	Taxation Matters	2,10,000	1,25,000
	Total	**6,67,500**	**5,83,125**

28 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.

(Amount In ₹)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets designated at fair value through Profit and Loss				
Investments				
in Mutual Fund	4,64,01,885	4,64,01,885	-	-
Financial assets designated at amortised cost				
Trade Receivables	2,360	2,360	5,80,28,908	5,80,28,908
Cash and Cash Equivalents	1,08,32,992	1,08,32,992	2,01,15,086	2,01,15,086
Other financial assets	3,31,60,346	3,31,60,346	-	-
Total	**9,03,97,583**	**9,03,97,583**	**7,81,43,994**	**7,81,43,994**
Financial liabilities designated at amortised cost				
Borrowings	12,05,738	12,05,738	25,08,222	25,08,222
Trade payables and others	19,82,256	19,82,256	27,60,887	27,60,887
Other financial liabilities	65,026	65,026	70,323	70,323
Total	**32,53,020**	**32,53,020**	**53,39,432**	**53,39,432**

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

1 Fair Value of financial assets and liabilities (except long term borrowings) are carried at amortised cost is not materially different from its carrying cost.
2 Fair value of Long term borrowings is calculated based on the discounted cash flow.
3 Fair Value of Current Investment in Mutual Funds is calculated based on NAV declared by the fund.

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 NAV (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

(Amount In ₹)

Particulars	2018-19			2017-18		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets /Liabilities measured at fair value						
Financial Asset:						
Investments						
- in Mutual Fund	4,64,01,885	-	-	-	-	-

29 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

The Company is exposed to insignificant foreign exchange risk as at the respective reporting dates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as the Company has fixed rate of borrowings as at the respective reporting dates.

Increase / (decrease) in interest Cost of Long term borrowings for the year (Amount In ₹)

Change in Rate of Interest	Effect on Profit / (Loss) before Tax	
	2018-19	2017-18
+1%/-1%	12,057	25,082

Commodity and other price risk

Company is not exposed to commodity 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 and financial institutions and other financial instruments.

Trade and other recivables:

The Company extends credit to customers in normal course of business. Company deals with group companies only and therefore is not exposed to credit risk

Cash and cash equivalents and other investments

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 has also taken advances and security deposits from its customers.

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 31,2019 and March 31, 2018 is as follows:

(Amount In ₹)

	As at 31/03/2019	As at 31/03/2018
Financial assets for which loss allowances is measured using 12 months Expected Credit Losses (ECL):		
Cash and cash equivalents	1,08,32,992	2,01,15,086
Other financial assets	3,31,60,346	-
Trade receivables	2,360	5,80,28,908

Cash and Cash equivalent, other Investment, Loans And 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. In the event of failure to meet any of these ratios these loans become callable to the extent of failture at the option of lenders, except where exemption is provided by lender.

(Amount In ₹)

Particulars	As at March 31, 2019					
	Carrying Amount	**On Demand**	**Less than 6 months**	**6- 12 months**	**>1 years**	**Total**
Borrowings	12,05,738	-	-	11,66,032	39,706	12,05,738
Other Financial Liabilities	65,026	65,026	-	-	-	65,026
Trade and other payables	19,82,256	-	19,82,256	-	-	19,82,256

(Amount In ₹)

Particulars	As at March 31, 2018					
	Carrying Amount	**On Demand**	**Less than 6 months**	**6- 12 months**	**>1 years**	**Total**
Borrowings	25,08,222	-	6,34,757	6,67,709	12,05,756	25,08,222
Other Financial Liabilities	70,323	70,323	-	-	-	70,323
Trade and other payables	27,60,887	-	27,60,887	-	-	27,60,887

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, 2019.

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, trade and other payables less cash and short term deposits.

(Amount In ₹)

Pariculars	**As At 31-03-2019**	**As At 31-03-2018**
Loans and Borrowings	12,05,738	25,08,222
Less: Cash and cash equivalents + Bank Deposits	1,08,32,992	2,01,15,086
Net Debt	(96,27,254)	(1,76,06,863)
Total Capital	15,00,27,104	11,41,06,799
Capital+Net Debt	14,03,99,850	9,64,99,936
Gearing Ratio	-6.86%	-18.25%

MARKET CITY RESOURCES PVT LTD.
(CIN : U55100MH2006PTC159544)
Notes to Financial Statements for year ended 31st March, 2019

(Amount In ₹)

	Particulars	2018-19	2017-18
30	**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	68,52,111	7,93,392
		68,52,111	7,93,392
2	Deferred Tax expenses/ (benefits):		
	Relating to origination and reversal of temporary differences	(24,49,081)	(11,35,754)
		(24,49,081)	(11,35,754)
3	Adjustments in respect of Income Tax of previous year		
	Current Income Tax	53,810	(1,10,031)
		53,810	(1,10,031)
	Total Income tax Expenses (1 to 3)	**44,56,840**	**(4,52,393)**
B	**Reconciliation of Current Tax expenses:**		
	Profit /(Loss) from Continuing operations	1,78,34,482	(1,13,146)
	Applicable Tax Rate	27.82%	25.75%
	Computed tax expenses	**49,61,553**	**(29,135)**
	Additional allowances for tax purpose	4,87,390	4,67,415
	Income not allowed/exempt for tax purposes	10,70,111	(1,89,608)
	Expenses not allowed for tax purposes	(1,11,575)	3,762
	Other temporary allowances	10,97,683	11,45,417
	Carry Forward Loss utilised	(6,53,051)	(6,04,459)
		68,52,111	**7,93,392**
C	**Deferred Tax Recognised in statement of profit and Loss relates to the following:**		
	Difference between books & tax depreciation	(4,59,286)	(4,95,939)
	Expenses allowable on payment basis	(19,89,795)	(6,39,816)
	Opening Deffered Tax on Losses	18,34,930	(11,50,457)
	Deferred Tax Asset	**(24,49,081)**	**(11,35,754)**
D	**Reconciliation of deferred tax (liabilites)/assets :**		
	Opening balance as on 1st April	(24,99,604)	(13,63,850)
	Tax expenses / (income) during the period	**(24,49,081)**	(11,35,754)
	Closing balance as on 31st March	**(49,48,685)**	**(24,99,604)**
31	**Employees Benefits:**		
	Expenses recognised for Defined contribution plan:		
	Company's Contribution to Provident Fund	34,87,213	15,68,845
	Company's Contribution to Labour welfare fund	540	132
		34,87,753	15,68,977

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)	
		2018-19	**2017-18**
1	**Change in Defined Benefit Obligation during the year**		
	Defined Benefit Obligation at the beginning of the year	98,72,116	70,86,770
	Interest Cost	8,36,860	5,38,943
	Current Service Cost	6,82,356	3,81,752
	Benefits paid during the year	(1,69,615)	(5,00,769)
	Past Service Cost	-	31,52,408
	Actuarial (gain)/loss on Defined Benefit Obligation	39,64,020	(7,86,988)
	Defined Benefit Obligation at the end of the year	1,51,85,737	98,72,116
2	**Change in fair value of Plan Assets during the year**		
	Fair value of Plan Assets at the beginning of the year	51,43,589	51,13,909
	Expected Return on plan assets	4,52,337	3,81,097
	Contribution	2,48,965	2,00,000
	Benefits paid during the year	(1,69,615)	(5,00,769)
	Actuarial (gain)/loss on Plan Asset	(1,51,792)	(50,648)
	Fair value of Plan Assets at the end of the year	55,23,484	51,43,589
3	**Amount to be recognized in Balance sheet:**		
	Present value of Defined Benefit Obligation	1,51,85,737	98,72,116
	Fair Value of plan assets at the end of the year	55,23,484	51,43,589
	Amount recognized in Balance sheet	96,62,253	47,28,527
4	**Current / Non - current bifurcation:**		
	Current benefit obligation	29,85,587	14,86,150
	Non - current benefit obligation	66,62,253	32,28,527
5	**Expenses recognised in the statement of Financial position for the year**		
	Current Service Cost	6,82,356	3,81,752
	Interest cost on obligation	8,36,860	5,38,943
	Expected Return on plan assets	(4,52,337)	(3,81,097)
	Expense recognized in the statement of Profit & Loss account	10,66,879	5,39,598
6	**Recognised in Other Comprehensive income for the year**		
	Remeasurement due to:		
	Effect of change in financial assumptions	5,32,696	(5,34,179)
	Effect of change in demographic assumptions	-	-
	Effect of experience adjustments	34,31,324	(2,52,809)
	Return on plan of assets(excluding interest)	1,51,792	50,648
	Net Actuarial (gain)/loss recognized for the year	-	-
7	**Maturity profile of defined benefit obligation**		
	Within the next 12 months	11,32,419	8,21,436
	Between 2 to 5 years	52,03,683	37,07,218
	Between 5 to 10 years	95,49,471	65,95,170
8	**Acturial assumptions used for estimating defined benefit obligations**		
	Discount Rate	7.75%	7.50%
	Salary Escalation Rate	7.50%	7.50%
	Expected Rate of Return on Assets	7.75%	7.50%
	Attrition/ Withdrawal Rate	5%	5%
	Martality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
	The weighted average duration of plan	12.15 years	12.53 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
2 Discount rate is based on prevailing market yields of Indian Government Securities as at balance sheet date for estimated term of obligations.
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 2019-20 is ₹ 30,00,000/-
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	Effect on Gratuity obligation 2018-19	2017-18
Discount rate	+1%	10,34,558	6,44,008
	-1%	(11,68,293)	(7,23,022)
Salary Escalation rate	+1%	(3,37,470)	(1,86,849)
	-1%	3,51,655	1,84,405
Withdrawal rate	+1%	(4,30,369)	(3,24,200)
	-1%	4,80,971	3,57,304

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

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.

Other Long Term benefit plan - Compensated absences

Particulars	2018-19	2017-18
Present value of unfunded obligations	97,79,024	66,57,243
Expenses recognised in the statement of profit and loss	97,79,024	66,57,243
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)	7.75%	8.25%
Salary escalation rate (per annum)	7.50%	7.50%

32 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

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

Sr. No.	Name of the party	Relationship
1	The Phoenix Mills Limited	Holding Company
2	Vamona Developers Private Limited	Fellow Subsidiary
3	Palladium Constructions Private Limited	Fellow Subsidiary
4	Alliance Spaces Private Limited	Fellow Subsidiary
5	Gracework Realty & Leisure Private Limited	Fellow Subsidiary
6	Island Star Mall Developers Private Limited	Fellow Subsidiary
7	Offbeat Developers Private Limited.	Fellow Subsidiary
8	Blackwood Developers Private Limtied.	Fellow Subsidiary
9	Upal Developers Private Limited.	Fellow Subsidiary
10	Pinnacle Real Estate Private Limited	Fellow Subsidiary
11	Insight Mall Developers Pvt Ltd	Fellow Subsidiary
12	Sparkle One Mall Developers Pvt Ltd	Fellow Subsidiary
13	Alyssum Developers Pvt ltd	Fellow Subsidiary
14	Columbus Investment Advisory Pvt Ltd	Associate
15	Shishir Shrivastava	Key Managerial Personnel
16	Pradumna Kanodia	Key Managerial Personnel

b) **Transactions during the year:**

(Amount in ₹)

Sr. No.	Nature of transactions	Name of Related parties						Total
		Payment of Rent	Project Management Consultancy Fees / Shared Services	Security Deposit repaid	Investment in Equity Shares	Remuneration to Key Managerial Personnel	Service Charges	
1	The Phoenix Mills Limited	1,07,69,796 (1,07,69,796)	6,30,26,000 (6,30,00,000)	50,00,000 (-)	- (-)	- (-)	- (-)	7,87,95,796 (7,37,69,796)
2	Vamona Developers Private Limited	- (-)	3,36,44,000 (2,80,00,000)	- (-)	- (-)	- (-)	- (-)	3,36,44,000 (2,80,00,000)
3	Palladium Constructions Private Limited	- (-)	2,92,29,000 (3,05,00,000)	- (-)	- (-)	- (-)	- (-)	2,92,29,000 (3,05,00,000)
5	Alliance Spaces Private Limited	- (-)	- (29,00,000)	- (-)	- (-)	- (-)	- (-)	- (29,00,000)
6	Island Star Mall Developers Private Limited.	- (-)	17,52,78,993 (9,94,63,761)	- (-)	- (-)	- (-)	- (11,63,997)	17,52,78,993 (10,06,27,758)
7	Offbeat Developers Private Limited.	- (-)	3,38,44,000 (2,45,00,000)	- (-)	- (-)	- (-)	- (-)	3,38,44,000 (2,45,00,000)
8	Graceworks Realty & Leisures Private Limited.	- (-)	- (9,00,000)	- (1,00,00,000)	- (-)	- (-)	- (-)	- (1,09,00,000)
9	Blackwood Developers Private Limtied.	- (-)	87,04,000 (97,00,000)	- (-)	- (-)	- (-)	- (-)	87,04,000 (97,00,000)
10	Upal Develoers Private Limited.	- (-)	81,82,000 (54,00,000)	- (-)	- (-)	- (-)	- (-)	81,82,000 (54,00,000)
11	Key Managerial Personnel	- (-)	- (-)	- (-)	- (-)	5,47,92,247 (5,60,72,932)	- (-)	5,47,92,247 (5,60,72,932)
12	Columbus Investment Advisory Pvt Ltd.	- (-)	- (-)	- (-)	- (55,50,000)	- (-)	- (-)	- (55,50,000)
13	Pinnacle Real Estate Private Ltd	- (-)	- (-)	- (-)	- (-)	(-)	20,000 (20,000)	20,000 (20,000)
14	Insight Mall Developers Pvt Ltd	- (-)	55,80,517 (-)	- (-)	- (-)	(-)	- (-)	55,80,517 (-)
15	Sparkle One Mall Developers Pvt Ltd	- (-)	96,18,235 (-)	- (-)	- (-)	(-)	(-)	96,18,235 (-)
16	Alyssum Developers Pvt ltd	- (-)	94,35,565 (-)	- (-)	- (-)	(-)	(-)	94,35,565 (-)

c) **Closing Balance as on March 31, 2019:** (Amount In ₹)

Sr. No.	Name of the Related Party	Nature of transactions					Total
		Advance from Customer	Trade Receivables	Security Deposits	Investment in Equity Shares	Unbilled Revenue	
1	The Phoenix Mills Ltd.	- (-)	- (43,20,000)	- (50,00,000)	- (-)	- (-)	- (93,20,000.0)
2	Blackwood Developers Pvt. Ltd.	- (-)	- (10,80,000)	- (-)	- (-)	- (-)	- (10,80,000.0)
3	Palladium Construction Pvt ltd.	- (-)	- (43,20,000)	- (-)	- (-)	- (-)	- (43,20,000.0)
4	Vamona Developers Pvt ltd.	- (-)	- (32,40,000)	- (-)	- (-)	- (-)	- (32,40,000.0)
5	Upal Develoers Private Limited.	- (-)	- (10,80,000)	- (-)	- (-)	- (-)	- (10,80,000.0)
6	Island Star Mall Developers Pvt Ltd	73,673 (-)	- (-)	- (-)	- (-)	85,26,029 (-)	85,99,702 (-)
7	Columbus Investment Advisory Pvt Ltd.	- (-)	- (-)	- (-)	55,50,000 (55,50,000)	- (-)	55,50,000 (55,50,000)
8	Insight Mall Developers Pvt Ltd	- (-)	- (-)	- (-)	- (-)	55,80,517 (-)	55,80,517 (-)
9	Sparkle One Mall Developers Pvt Ltd	- (-)	- (-)	- (-)	- (-)	96,18,235 (-)	96,18,235 (-)
10	Alyssum Developers Pvt ltd	- (-)	- (-)	- (-)	- (-)	94,35,565 (-)	94,35,565 (-)

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

1 The transaction with related parties are made onterms equivalent to thouse that prevail in arm's length transaction

2 Review of outstanding balance is undertaken each financial year through examinig the financial positon of the related party and market in which related party operates. These

33 Segment reporting:

The Company is mainly engaged in Business Support Services services, catering to Indian customer, Accordingly, the Company has only one idetifiable segment reportable under IndAS 108 " Operating Segment " Executive Director (the ' Chief Operational decision Maker as defined in INDAS108 - Operating Segments) monitor the operating results of the entity's business for the purpose of making decisions about resource allocation and performance.

34 Earning per share:

	Particulars	**2018-19**	**2017-18**
i)	Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	1,33,77,642	3,39,246
ii)	Weighted Average number of equity shares used as denominator for calculating EPS	10,000	10,000
iii)	Basic and Diluted Earnings per share (₹)	1,337.76	33.92
iv)	Face value per equity share (₹)	10	10

35 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.

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration No.101720W/W100355)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Rajendra Kalkar
Director
(DIN-03269314)

Prashant Khandelwal
Director
(DIN-08067106)

Place : Mumbai
Date : 13th May, 2019

MARKET CITY RESORUCES PRIVATE LIMITED.
Notes on Financial Statements for the year ended 31st March 2019

1. Corporate Information:

The Company is a 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 2nd floor, R.R. Hosiery Building, off Dr. E Moses Road, Mahalaxmi, Mumbai (W), Mumbai – 400011.

The Company is mainly engaged in Business Support Services. The principle place of business is located at 2nd floor, R.R. Hosiery Building, off Dr. E Moses Road, Mahalaxmi, Mumbai (W), Mumbai – 400011..

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 13, 2019.

2A. 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.

With effect from 1st April 2018, Ind AS 115 – "Revenue from Contracts with Customers" (Ind AS 115) supersedes Ind AS 18 – "Revenue", Ind AS 11 – "Construction Contracts" and related Appendices. The Company has adopted Ind AS 115 using the modified retrospective approach. The application of Ind AS 115 did not have any impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the Company.

The significant accounting policies used in preparing financial statements are set out below in Note 2B of the Notes to Financial Statements and are applied consistently to all the periods presented.

2B. Summary of 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.
- Share based payments.

c) Use of Estimates :

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. 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.

d) Property, Plant and Equipment:

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.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the written down value 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 within other gains/(losses).

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

e) 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.

Computer Software 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 unless such expenditure forms part of carrying value of another asset.

f) Impairment of Non – Financial Asset:

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

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 profit and loss account.

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 instrument 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 instrument.

Financial Assets and investments

i) Initial recognition and measurement:

At initial recognition, the company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **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, interest revenue and foreign exchange gains and losses which are recognised in 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 profit or 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) <u>De-recognition:</u>

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.

Financial Liabilities:

i) Initial recognition and measurement:

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

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

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:

Financial liabilities at fair value through profit or loss

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or 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.

iii) Financial Liabilities at amortised cost:

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 profit or 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.

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.

j) 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

Trade Receivables

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

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its 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.

k) 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) 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
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.

l) 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.

m) Revenue Recognition:

The company' revenue from contracts with customers is mainly from Business Support Services.

Revenue from Business Support Service is recognized on satisfaction of performance obligation upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-30 days from the delivery of services.

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.

n) 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) Long term Employee benefits:

Leave encashment being a short term benefit is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, and
(b) defined contribution plans such as provident fund.

Gratuity obligations

The cost of providing gratuity, a defined benefit plans, is determined using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise. Other costs are accounted in Statement of Profit and Loss.

The Company operates defined benefit plans for gratuity, which requires contributions to be made to a separately administered funds. These funds are managed by LIC trusts. These trusts have taken policies from an insurance company. These benefits are partially funded.

Employee provident fund

Contribution to provident fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via Employee Option Plan of The Phoenix Mills Ltd.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

q) 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 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.

r) 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 equivalent period government securities interest rate. 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.

s) Income Taxes:

Current Income Tax:

Current Income Tax liabilities (assets) are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred Tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts 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 and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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 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 offset 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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

t) Earnings per share:

The Company's Earnings per Share ('EPS') is determined based on the net profit attributable to the equity shareholders' of the Company and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) for such instruments.

3. Critical accounting estimates, assumptions and judgements:

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

(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) 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. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non- payment.

(c) 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.

(d) 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.

(e) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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) 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 impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimates and judgements 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.

(g) Treatment of Security Deposit from customer

In assessing the applicability of Ind AS 32-Financial Instruments 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 customers' obligations under the agreement and have no bearing on the business support service charged. Further, there is no contractual obligation to deliver cash or other financial asset to the said entity and can be adjusted against the dues, if any and therefore these have been treated as non- financial liability.

4) STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30,2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Group from April 01, 2019.

A. ISSUE OF IND AS 116 - LEASES

Ind AS 116 will replace the existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognize assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

B. AMENDMENT TO EXISTING STANDARD

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

i. Ind AS 101- First time adoption of Indian Accounting Standards
ii. Ind AS 103 – Business Combinations
iii. Ind AS 109 - Financial Instruments
iv. Ind AS 111 – Joint Arrangements
v. Ind AS 12 – Income Taxes
vi. Ind AS 19 – Employee Benefits
vii. Ind AS 23 – Borrowing Costs
viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the financial statements.