INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Ind AS financial statements of **Market City Resources Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant

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to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act , we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.

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

iv) The Company has provided requisite disclosures in the financial statements as to holdings and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the management.

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

Jignesh Mehta
Partner
Membership No.:102749

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Mumbai
Date: 5th May, 2017

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

i. In respect of its fixed assets :

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c) As the Company has no immovable assets during the year, clause (c) (i) of paragraph 3 of the Order is not applicable to the company

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. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.

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vii. In respect of Statutory dues :

a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or government or due to debenture holders of the company.

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and terms loans were applied for the purposes for which those are raised.

x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and information and explanations given to us, managerial remuneration has been paid in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.

xii. In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.

xiii. In respect of transactions with related parties :

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

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

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Continuation sheet...

xiv. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.

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

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

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

Jignesh Mehta
Partner
Membership No.: 102749

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Mumbai
Date: 5th May, 2017

"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, 2017 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.

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: 5th May, 2017

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MARKET CITY RESORUCES PRIVATE LIMITED.
Notes on Financial Statements for the year ended 31st March 2017

1. **Corporate Information:**

The Company is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.. The registered office of the company is located at 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.14.

These financial statements were approved and adopted by board of directors of the Company in their meeting dated May 5, 2017.

2. **Basis of Preparation of Financial Statement:**

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

For all the periods upto and including the year ended 31st March, 2016, the financial statements were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013 read together with the paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These Financial Statements for the year ended 31st March, 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Note 38 explain how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The Financial statements provide comparative information in respect of previous year. In addition, the company presents Balance sheet as at beginning of the previous year, which is the transition date of IND AS.

The significant accounting policies used in preparing financial statements are set out below in Note 3 of the Notes to Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if such revision affects both current and future years (refer Note no. 4 on critical accounting estimates, assumptions and judgements).

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3. Significant Accounting Policies:

a) Basis of measurement:

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

- Defined benefit plans – plan assets measured at fair value.

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) 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).

c) 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.

d) 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.

e) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and at bank,

f) 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.

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g) 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

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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) De-recognition:

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

- The rights to receive cash flows from asset have expired or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass- through' arrangement and either;
  a) The Company has transferred substantially all the risks and rewards of the assets,
  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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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.

iv) Impairment of Financial asset:

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on

- Trade receivables or contract revenue receivables; and
- All lease 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

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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.

v) Trade receivables:

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Company obtains security in the form of security deposit which can be called upon if the counterparty is in default under the terms of the agreement.

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.

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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.

Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in 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.

Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

iii) De - recognition:

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

Offsetting of Financial Instruments:

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

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h) 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.

i) 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.

j) Revenue Recognition:

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

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Revenue from Business Support Services

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenues on account of Project Management Consultancy are recognized when services are rendered.

k) 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.

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS *

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.

I) 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.

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

m) 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.

n) 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.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

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.

o) 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.

4. 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.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

(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.

CHATURVEDI & SHAH
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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.

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Balance sheet as at 31st March, 2017

(Amount in Rs.)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I. ASSETS				
Non-Current Assets				
Property, Plant & Equipment	5	57,064,990	64,675,000	69,986,646
Intangible Assets Under Development		7,200,219	-	-
Intangible Assets	5	946,325	866,222	1,144,416
Non-Current Investments	6	-		72,500,000
Other Non Current Assets	7	1,431,075	1,931,364	1,084,347
Deffered Tax Assets (Net)	8	1,363,850	-	-
Current assets				
Financial Asset				
Trade Receivables	9	52,196,905	44,022,935	47,812,031
Cash and Cash Equivalents	10	2,152,282	10,114,949	3,440,663
Others	11	9,800,000	3,500,000	2,000,000
Current Tax Assets (Net)	12	13,359,812	9,658,567	7,335,373
Other Current Assets	13	2,024,653	1,468,038	2,868,187
Total		**147,540,112**	**136,237,076**	**208,171,663**
II. EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	14	100,000	100,000	100,000
Other Equity	15	92,235,985	93,653,421	85,548,549
Non-Current Liabilities				
Financial Liability				
Borrowings	16	2,508,222	3,685,297	3,143,131
Provisions	17	6,690,521	3,779,535	2,689,843
Deferred Tax Liability (Net)	18	-	1,150,457	1,790,497
Current Liabilities				
Financial Liability				
Borrowings	19	-	-	65,000,000
Trade Payables	20	4,276,159	1,182,676	4,880,791
Others Finacial Liabilities	21	1,308,874	1,185,754	1,382,250
Provisions	22	807,484	211,397	2,241,413
Other Current Liabilities	23	39,612,867	31,288,539	41,395,189
Total		**147,540,112**	**136,237,076**	**208,171,663**

Significant Accounting Policies and Notes on Financial Statements — 1 to 39

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

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Rajendra Kalkar
Director
(DIN-03269314)

Vinay Goggi
Director
(DIN-05205685)

Place : Mumbai
Date : 5th May, 2017.

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Statement of Profit and Loss for Period Ended 31st March, 2017

(Amount in Rs.)

Particulars	Notes	2016-17	2015-16
Income:			
Revenue from Operations	24	210,025,400	209,887,123
Other Income	24	285,569	972,135
Total Revenue		**210,310,969**	**210,859,258**
Expenditure :			
Employee Benefit Expenses	25	161,146,788	132,348,885
Finance Costs	26	428,240	1,335,868
Depreciation and Amortisation	27	11,466,197	12,936,174
Other Expenses	28	46,662,349	58,229,357
Total Expenses		**219,703,574**	**204,850,285**
Profit Before Tax		(9,392,605)	6,008,973
Less : Tax expenses			
Current Tax		1,879,863	3,792,903
Deferred Tax	32	(2,514,307)	(640,039)
Excess Provision Written Back		(55,153)	(322,941)
Profit for the year		**(8,703,007)**	**3,179,050**
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss			
Remeasurement gain (loss) on defined benefit plans		(1,935,284)	3,109,510
Income tax relating to items that will not be reclassified to Profit & Loss			
Tax on Acturial Gain / Loss on Employees Benefits		639,863	(1,028,097)
Other Comprehensive Income for the period (B)		**(1,295,421)**	**2,081,413**
Total Comprehensive Income for the period (A+B)		**(9,998,429)**	**5,260,463**
Earning per Equity share of Face Value of Rs 10 each			
Basic and Diluted (In Rs.)	36	**(870.30)**	**317.91**
Earning per Equity share of Face Value of Rs 10 each			
Basic and Diluted (In Rs.)	31	**(870.30)**	**317.91**

Significant Accounting Policies and Notes on Financial Statements — 1 to 39

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

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

Place : Mumbai
Date : 5th May, 2017.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Rajendra Kalkar
Director
(DIN-03269314)

Vinay Goggi
Director
(DIN-05205685)

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)

Cash Flow Statement for the Financial Year ended 31st March, 2017

(Amount in Rupees)

Sr. No.	Particulars	2016-17	2015-16
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax as per Profit and Loss Account	(9,392,605)	11,962,892
	Adjusted for:		
	Acturial loss routed through OCI	(1,295,421)	-
	Interest Income	(10,959)	(220,098)
	(Profit)/Loss on sale of Property, Plant & Equipment	(22,273)	(751,971)
	Share based payment cost	8,580,993	-
	Interest on CCD	-	(66)
	Depreciation	11,466,197	12,936,174
	Operating Cash flow before Working Capital Changes	**9,325,932**	**23,926,932**
	Adjusted for:		
	Trade and Other Receivables	(14,530,296)	2,842,228
	Trade and Other Payables	14,934,687	(15,347,542)
	Cash generated from / (Used In) Operations	**9,730,323**	**11,421,617**
	(Taxes Paid)/Refund Received	(5,525,955)	(6,821,253)
	Net Cash generated / (used in) from Operating Activities (A)	**4,204,368**	**4,600,364**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Property, Plant & Equipment	(11,169,734)	(7,878,897)
	Interest on CCD	-	66
	Sale of Property, Plant & Equipment	55,498	1,284,533
	Interest Income	10,959	220,098
	Sale of Investment	-	72,500,000
	Net Cash generated from (used in) Investing Activities (B)	**(11,103,277)**	**66,125,800**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceed from Long Term Borrowings	-	1,859,964
	Repayment of Long Term Borrowings	(1,063,758)	(911,841)
	Movement in Short Term Borrowings (Net)	-	(65,000,000)
		-	
	Net Cash generated from (Used in) Financing Activities (C)	**(1,063,758)**	**(64,051,877)**
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(7,962,667)	6,674,287
	Cash and cash equivalents at beginning of the year	10,114,949	3,440,663
	Cash and cash equivalents at the end of the year (Note No. 10)	**2,152,282**	**10,114,949**

As per our Report of even date

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

Jignesh Mehta
Partner
Membership No. 102749

Place : Mumbai
Dated : 5th May, 2017

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Rajendra Kalkar
Director
(DIN-03269314)

Vinay Goggi
Director
(DIN-05205685)

Market City Resources Private Limited.
(CIN : U55100MH2006PTC159544)
Statement of changes in equity for the Year ended 31st Mar. 2017

A. Equity share capital

	Opening balance as at 1 Apr 2015	Changes in equity share capital during the year	Opening balance as at 31 Mar 2016	Changes in equity share capital during the year	Closing balance as at 31st Mar 2017
10,000 (P.Y. 10,000) Equity Shares of Rs.10/- each	100,000	-	100,000	-	100,000
	100,000	-	100,000	-	100,000

B. Other Equity

Other Equity		Reserve & Surplus	Other Comprehensive Income Items that will not be reclassified to profit and	
	Share Based Payment *	Retained Earning	Re-measurement of the net defined benefit Plans	Total
Balances at April 1, 2015	-	85.548.549	-	85.548.549
Adjustment during the year		(39.082)		(39.082)
Share based payment cost	39.082			39.082
Revised Balance As at April 1, 2015	39,082	85,509,467	-	85,548,549
Profit for the year		3.179.050	-	3.179.050
Adjustment during the year				-
Re-measurement of the net defined benefit Plans			2.081.413	2.081.413
Share based payment cost	2.844.409			2.844.409
Balances at March 31, 2016	2,883,491	88,688,517	2,081,413	93,653,421
Profit for the year	-	(9.998.429)	-	(9.998.429)
Share based payment cost	8.580.993			8.580.993
Balances at March 31, 2017	11,464,484	78,690,089	2,081,413	92,235,985

* Note :- Stock Option Reserve in respect of ESOP issued by The Phoenix Mills Ltd to the Company's employees

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

Jignesh Mehta
Partner
Membership No. 102749

Place : Mumbai
Date : 5th May, 2017.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Rajendra Kalkar
Director
(DIN-03269314)

Vinay Goggi
Director
(DIN-05205685)

Market City Resources Private Limited.
(CIN : CIN : U55100MH2006PTC159544)
Notes to financial statements for the Year Ended March, 2017

Note 5: Property, Plant & Equipment

Particulras	Leasehold Improvements	Air Conditioner	Electrical Installation	Computers - Hardware	Elevator	Office equipment	Vehicles	Furniture & Fixtures	Intangible Assets	Total
Gross Block										
As at 1st April 2015	83,693,976	7,607,895	2,353,409	19,931,487	685,109	5,816,914	7,366,962	9,593,535	8,173,759	145,223,046
Additions/ (Disposals)	287,000	330,208	795,033	1,591,363	437,046	329,860	311,307	421,313	318,625	4,821,755
As at 31st March 2016	83,980,976	7,938,103	3,148,442	21,522,850	1,122,155	6,146,774	7,678,269	10,014,848	8,492,384	150,044,801
Additions/ (Disposals)	-	698,476	-	1,240,453	100,800	325,432	-	55,688	480,987	2,901,836
As at 31st March 2017	83,980,976	8,636,579	3,148,442	22,763,303	1,222,955	6,472,206	7,678,269	10,070,536	8,973,371	152,946,637
Accumulated Depreciation										
As at 1st April 2015	25,983,970	7,059,858	1,593,713	17,369,793	494,438	4,979,474	2,221,111	7,360,283	7,029,343	74,091,984
Charged for the year	6,045,815	(13,099)	110,949	2,002,102	160,531	393,901	305,166	809,411	596,818	10,411,594
To be trfd to Retained Earnings	-	-	-	-	-	-	-	-	-	-
As at 31st March 2016	32,029,785.19	7,046,760	1,704,662	19,371,895	654,969	5,373,375	2,526,277	8,169,694	7,626,162	84,503,578
Charged for the year	5,449,370	(186,972)	440,688	1,201,961	172,463	326,693	1,997,069	629,587	400,884	10,431,743
As at 31st March 2017	37,479,155	6,859,788	2,145,350	20,573,855	827,432	5,700,067	4,523,346	8,799,282	8,027,046	94,935,322
Net Block[W.D.V.]										
As at 1st April 2015	57,710,006	548,037	759,696	2,561,694	190,671	837,440	5,145,851	2,233,252	1,144,416	71,131,062
As at 31st March 2016	51,951,191	891,343	1,443,780	2,150,955	467,186	773,399	5,151,992	1,845,154	866,222	65,541,223
As at 31st March 2017	46,501,821	1,776,791	1,003,092	2,189,448	395,523	772,139	3,154,923	1,271,254	946,325	58,011,315

CHATURVEDI & SHAH ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for Period Ended 31st March, 2017

(Amount In Rs.)

Notes Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
6 Non Current Investment			
Other Unquoted - at fair value through Other Comprehensive Income			
7,25,0000 (P.Y. NIL) Compulsorily Convertible Debentures (CCD's) in Padmashil Hospitality Face Value of 10 Each *	-	-	72,500,000
* These are non transferable.			**72,500,000**
7 Other Non Current Assets			
(Unsecured, and considered good)			
Security Deposit	1,381,499	1,881,499	1,081,499
Prepaid Expenses	49,576	49,865	2,848
	1,431,075	**1,931,364**	**1,084,347**
8 Deferred Tax Liability / (Assets)			
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	1,150,457	-	-
Charge / (Credit) to profit Or loss (Refer Note 32)	(2,514,307)	-	-
Charge to other comprehensive income			
At the end of the year	**(1,363,850)**	-	-
Deferred Tax Assets			
Disallowance under the Income Tax Act, 1961	2,514,307	-	-
Deferred Tax Liability			
Related to fixed assets	1,150,457	-	-
Deffered Tax Assets (Net)	**1,363,850**	-	-
9 Trade Receivable			
(Unsecured)			
Considered Good	52,196,905	44,022,935	47,812,031
			-
	52,196,905	**44,022,935**	**47,812,031**
10 Cash & Cash Equivalents			
a) Balances with Banks	2,106,564	10,038,283	3,319,842
b) Cash on hand	45,718	76,666	120,822
	2,152,282	**10,114,949**	**3,440,663**
11 Other Current Assets			
Unbilled Revenue	9,800,000	3,500,000	-
Insurance Claim Receivable	-	-	2,000,000
	9,800,000	**3,500,000**	**2,000,000**
12 Current Tax Assets (Net)			
Advance Income Tax (net of provision for taxation)	13,359,812	9,658,567	7,335,373
	13,359,812	**9,658,567**	**7,335,373**
Movement in Provision			
At Start of year	**9,658,567**	**7,335,373**	
Change for the year	1,879,863	3,792,903	
Provision for tax on other comprehensive income	(639,863)	1,028,097	
Tax Paid during the year	4,941,245	7,144,194	
At the end of the year	**13,359,812**	**9,658,567**	
13 Other Current Assets			
(Unsecured and considered good)			
Balance with Customs and Central Excise Authorities	-	74,514	187,126
Other loans and advances	-	-	-
a) Prepaid Expenses	817,247	1,352,216	1,852,524
b) Advance to vendor	1,184,873	17,383	803,649
c) Other Advances	22,533	23,925	24,888
	2,024,653	**1,468,038**	**2,868,187**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for Period Ended 31st March, 2017

14 Share Capital

Authorised

10,000 (2016 : 10,000 , 2015 : 10,000) Equity Shares of Rs.10/- each	100,000	100,000	100,000
Issued, Subscribed and Paid up			
10,000 (2016 : 10,000 , 2015 : 10,000) Equity Shares of Rs.10/- each	100,000	100,000	100,000
	100,000	100,000	100,000

a) Reconciliation of the Shares outstanding at the beginning and at the end of the year 2016 - 2017

	Nos of Shares		
Equity Shares outstanding at the beginning the year	10,000	10,000	10,000
Shares Issued during the year			
Equity Shares at the end of the year	10,000	10,000	10,000

b) Terms and Rights attached to shares.

The company has only one class equity shares having face value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. Equity shares holders are also entitled to dividend as and when proposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Compnay, after distribution of all Preferential amounts which shall be in proportion to the number of shares held by the Shareholders.

c)

Details of shareholders holding more than 5% shares in the company	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
Equity Shares of Rs. 10 each fully paid	Number of shares	% of Holdings	Number of shares	% of Holdings	Number of shares	% of Holdings
The Phoenix Mills Limited	10000	100	10000	100	10000	100

d)

Details of Shares held by	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
Name of shareholder	Number of shares	% of Holdings	Number of shares	% of Holdings	Number of shares	% of Holdings
The Phoenix Mills Limited (Holding Company)	10000	100	10000	100	10000	100

15 Other equity

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Profit and Loss Account			
As per Last Balance Sheet	93,653,421	85,548,549	85,548,549
Add : Profit / (Loss) for the current Period	(8,703,007)	3,179,050	-
	84,950,413	88,727,599	85,548,549
Other Comprehensive Income			
As per last Balance Sheet	-	2,081,413	-
(+) Acturial Gain / (Loss) on Employee Benefits (net)	(1,295,421)	2,844,409	-
Closing Balance	(1,295,421)	4,925,822	-
Stock Option Reserve			
As per last Balance Sheet	-	-	-
(+) Share based payment cost	8,580,993	-	-
Closing Balance	8,580,993	-	-
Closing Balance	92,235,985	93,653,421	85,548,549

16 Long Term Borrowings

(Secured)	As at 31st March, 2017		As at 31st March 2016		As at 31st April 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Vehicle Loan from Bank	2,508,222	1,177,075	3,685,297	1,063,758	3,143,131	657,802
	2508222.2	1,177,075	3,685,297	1,063,758	3,143,131	657,802

4.1 Vehicle Loan are recurred against the respective vehicles purchased

4.2 Maturity Profile of Secured Loan is given below :

Particulars	2017-18	2018-19	2019-20	2020-21
Secured Loan				
Vehicle Loan from Bank	11,77,075	13,02,466	11,66,032	39,724
Total	11,77,075	13,02,466	11,66,032	39,724

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Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for Period Ended 31st March, 2017

(Amount in Rs.)

Notes	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
17	**Long Term Provisions**			
	Provision for Leave Encashment	5,231,628	3,533,339	2,689,843
	Provision for Gratuity	1,458,893	246,196	-
		6,690,521	3,779,535	2,689,843
18	**Deferred Tax Liability / (Assets)**			
	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	-	1,790,497	-
	Charge / (Credit) to profit Or loss (Refer Note 32)	-	(640,039)	-
	Charge to other comprehensive income		-	
	At the end of the year	-	1,150,457	-
	Deferred Tax Liability			
	Related to Property, plant & Equipment	-	1,790,497	4,175,948
	Deferred Tax Assets	-		
	Disallowance under the Income Tax Act, 1961		640,039	2,385,451
	Deferred Tax Liability / (Assets)	-	1,150,457	1,790,497
19	**Short Term Borrowing**			
	(Unsecured)			
	Loan from Related Party, repayable on demand	-	-	65,000,000
		-	-	65,000,000
20	**Trade Payables**			
	Small & Micro Enterprises		-	-
	Others	4,276,159	1,182,676	4,880,791
		4,276,159	1,182,676	4,880,791
	There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year or as at March 31, 2017. 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	-	-	-
21	**Other Financial Liability**			
	Current Maturities of Long Term Loan	1,177,075	1,063,758	657,802
	Interest accured but not due	25,988	31,542	
	Creditors for Capital Assets	105,811	90,454	724,448
		1,308,874	1,185,754	1,382,250
22	**Short Term Provision**			
	Provision for Gratuity	500,000	-	2,199,560
	Provision for Leave Encashment	307,484	211,397	41,853
		807,484	211,397	2,241,413
23	**Other Current liabilities**			
	Deposit received from Customers	27,500,000	27,500,000	37,500,000
	Others			
	a) Statutory Liabilities	5,003,807	2,954,811	2,740,439
	b) Advance from Customer	5,925,000	-	-
	c) Outstanding Liabilities	1,184,060	833,728	1,154,750
		39,612,867	31,288,539	41,395,189

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Market City Resources Private Limited
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for the Period Ended 31st March, 2017

(Amount In Rupees)

Notes	Particualrs	Year Ended 31st March, 2017	Year Ended 31st March, 2016
24	**Revenue from Operaions**		
	Sale of Services	210,025,400	209,887,123
		210,025,400	**209,887,123**
	Particulars of Sale of Services		
	Project Management Consultancy Fees / Shared Services	210,025,400	209,887,123
		210,025,400	**209,887,123**
25	**Other Income**		
	Interest Income	10,959	9,771
	Interest on Income Tax Refund	252,337	210,327
	Profit on Sale of Assets	22,273	751,971
	Interest on CCD	-	66
		285,569	**972,135**
26	**Employee Benefits Expense**		
	Salaries, wages and bonus	153,509,201	122,380,828
	Contribution to Provident Fund and Other funds	1,986,604	1,640,849
	Staff welfare expenses	5,650,983	5,217,698
		161,146,788	**129,239,375**
27	**Finance Costs**		
	Interest on ICD	-	798,688
	Interest on Car Loan	428,240	537,180
		428,240	**1,335,868**
28	**Depreciation and Amortisation Expenses**		
	Depreciation and Amortisation Expenses	11,466,197	12,936,174
		11,466,197	**12,936,174**
29	**Operation and Other Expenses**		
	Electricity charges	3,260,740	3,496,875
	Rent	14,991,603	19,135,954
	Rates and Taxes	45,129	58,669
	Insurance	347,683	247,781
	General Expenses	2,983,814	3,408,309
	Repairs and maintenance		
	Others	6,025,242	10,998,454
	Brokerage		
	Travelling and Conveyance	4,260,364	4,436,778
	Communuication expenses	4,921,735	5,777,080
	Postage & Courier	603,901	551,354
	Prinitng & stationary expenses	501,826	582,555
	Legal & Professional fees	7,642,299	8,124,844
	Payment to Auditor	402,500	500,375
	Interest on Service Tax	10,424	-
	Miscellaneous expenses	665,089	910,329
		46,662,349	**58,229,357**
	a) Payment to Auditor		
	As Auditor:		
	Audit Fees	352,500	450,375
	Tax Audit Fees	50,000	50,000
	Total	**402,500**	**500,375**

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MARKET CITY RESOURCES PRIVATE LIMITED
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Notes on Financial Statements for year ended 31st March, 2017

30 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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets designated at fair value through Other Comprehensive Income						
Investments						
- in Debentures	-	-	-	-	72,500,000	72,500,000
Financial assets designated at amortised cost						
Trade Receivables	52,196,905	52,196,905	44,022,935	44,022,935	47,812,031	47,812,031
Cash and Cash Equivalents	2,152,282	2,152,282	10,114,949	10,114,949	3,440,663	3,440,663
Loans and Advances	-	-	-	-	-	-
Deposits with Banks	-	-	-	-	-	-
Other financial assets	9,800,000	9,800,000	3,500,000	3,500,000	2,000,000	2,000,000
Total	64,149,187	64,149,187	57,637,884	57,637,884	125,752,694	125,752,694
Financial liabilities designated at amortised cost						
Borrowings - Fixed rate	3,685,297	3,685,297	4,749,055	4,749,055	3,800,933	3,800,933
Borrowings - Variable rate	-	-	-	-	-	-
Trade payables and others	4,276,159	4,276,159	1,182,676	1,182,676	4,880,791	4,880,791
Other financial liabilities	131,799	131,799	121,996	121,996	724,448	724,448
Total	8,093,255	8,093,255	6,053,727	6,053,727	9,406,172	9,406,172

Fair valuation techniques:
The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

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

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

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

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

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

- **Market risk:**

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The Company is exposed to foreign exchange risk through purchases of goods or services from overseas supplier in foreign currency. The Company generally transcats in US dollar. The foreign exchange rate exposure is balanced by purchasing of goods or services in the respective currency.
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.

Company is not exposed to these market risks significantly

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Notes on Financial Statements for year ended 31st March, 2017

- **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

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

	As at 31/03/2017	As at 31/03/2016
Financial assets for which loss allowances is measured using 12 months Expected Credit Losses (ECL):		
Cash and cash equivalents	2,152,282	10,114,949
Other financial assets	9,800,000	3,500,000
Trade receivables	52,196,905	44,022,935

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

- **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.
The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix

Particulars	As at March 31, 2017					
	Carrying Amount	On Demand	Less than 6 months	6- 12 months	>1 years	Total
Borrowings	3,685,297	-	573,647	603,428	2,508,204	3,685,279
Other Financial Liabilities	1,308,874	1,308,874	-	-	-	1,308,874
Trade and other payables	4,276,159	-	4,276,159	-	-	4,276,159

Particulars	As at March 31, 2016					
	Carrying Amount	On Demand	Less than 6 months	6- 12 months	>1 years	Total
Borrowings	4,749,055	-	518,423	545,335	3,685,279	4,749,037
Other Financial Liabilities	1,185,754	1,185,754	-	-	-	1,185,754
Trade and other payables	1,182,676	-	1,182,676	-	-	1,182,676

Particulars	As at April 1, 2015					
	Carrying Amount	On Demand	Less than 6 months	6- 12 months	>1 years	Total
Borrowings	3,800,933	-	419,002	492,840	4,749,037	5,660,879
Other Financial Liabilities	1,185,754	1,185,754	-	-	-	1,185,754
Trade and other payables	4,880,791	-	4,880,791	-	-	4,880,791

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, 2017 and March 31, 2016.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes,

Pariculars	As At 31-03-2017	As At 31-03-2016
Loans and Borrowings	3,685,297	4,749,055
Less: Cash and cash equivalents + Bank Deposits	2,152,282	10,114,949
Net Debt	1,533,015	(5,365,894)
Total Capital	92,335,985	93,753,421
Capital+Net Debt	93,869,000	88,387,527
Gearing Ratio	0.02	(0.06)

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MARKET CITY RESOURCES PVT LTD.
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for year ended 31st March, 2017

(Amount in Rs.)

Particulars	2016-17	2015-16
32 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	1,879,863	3,792,903
	1,879,863	3,792,903
2 Deferred Tax expenses/ (benefits):		
Relating to origination and reversal of temporary differences	(2,514,307)	(640,039)
	(2,514,307)	(640,039)
3 Adjustments in respect of Income Tax of previous year		
Current Income Tax	(55,153)	(322,941)
Deferred Tax	-	-
	(55,153)	(322,941)
4 Minimum Alternate Tax credit entitlement	-	-
Minimum Alternate Tax credit utilisation	-	-
	-	-
Total Income tax Expenses (1 to 4)	**(689,597)**	**2,829,923**
B Reconciliation of Current Tax expenses:		
Profit /(Loss) from Continuing operations	(9,392,605)	**6,008,973**
Applicable Tax Rate	30.90%	33.063%
Computed tax expenses	**(2,902,000)**	**1,987,000**
Additional allowances for tax purpose	996,000	1,159,000
Additional allowances for capital gain	-	-
Income not allowed/exempt for tax purposes	640,863	940,447
Expenses not allowed for tax purposes	2,655,000	455
Other temporary allowances	490,000	-294,000
Carry Forward Loss utilised	-	-
Tax paid at lower rate	-	-
Additional Tax payable due to MAT provisions	-	-
	1,879,863	**3,792,902**
C Deferred Tax Recognised in statement of profit and Loss relates to the following:		
Accelerated depreciation for tax purpose	953,033	2,469,979
Expenses allowable on payment basis	(2,316,884)	(1,319,522)
Opening Deffered Tax on Losses	(1,150,457)	(1,790,497)
Deferred Tax Liabilities/ (Asset)	**(2,514,307)**	**(640,040)**

Particulars	2016-17	2015-16
D Reconciliation of deferred tax liabilites/(asset) net:		
Opening balance as on 1st April	1,150,457	1,790,497
Tax expenses / (income) during the period	**(2,514,307)**	(640,040)
Closing balance as on 31st March	(1,363,850)	1,150,457
33 Employees Benefits:		
Expenses recognised for Defined contribution plan:		
Company's Contribution to Provident Fund	1,431,802	1,146,817
Company's Contribution to Labour welfare fund	180	324
Company's Contribution to Professional Tax	37,400	29,600
	1,469,382	1,176,741

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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) 2016-17	2015-16
1 Change In Defined Benefit Obligation during the year		
Defined Benefit Obligation at the beginning of the year	4,594,218	6,191,206
Interest Cost	355,247	555,287
Current Service Cost	209,978	1,020,514
Benefits paid during the year	-	-40,385
Actuarial (gain)/loss on Defined Benefit Obligati	1,927,327	-3,132,404
Defined Benefit Obligation at the end of the yea	7,086,770	4,594,218
2 Change in fair value of Plan Assets during the year		
Fair value of Plan Assets at the beginning of the	4,348,022	3,991,646
Expected Return on plan assets	320,122	305,732
Contribution	453,722	84,336
Benefits paid during the year	-	(40,385)
Actuarial (gain)/loss on Plan Asset	(7,957)	6,693
Fair value of Plan Assets at the end of the year	5,113,909	4,348,022
3 Amount to be recognized in Balance sheet:		
Present value of Defined Benefit Obligation	7,086,770	4,594,218
Fair Value of plan assets at the end of the year	5,113,909	4,348,022
Amount recognized in Balance sheet	1,972,861	246,196
4 Current / Non - current bifurcation:		
Current benefit obligation	500,000	-
Non - current benefit obligation	1,458,893	246,196
5 Expenses recognised in the statement of Financial position for the year		
Current Service Cost	209,978	1,020,514
Interest cost on obligation	355,247	555,287
Expected Return on plan assets	(320,122)	(305,732)
Expense recognized in the statement of Profit & Loss account	245,103	1,270,069
Acturial Gain/Loss	0	0

	Gratuity (Funded) 2016-17	2015-16
6 Recognised in Other Comprehensive Income for the year		
Remeasurement due to:		
Effect of change in financial assumptions	103,911	69,013
Effect of change in demographic assump	-	980,280
Effect of experience adjustments	1,823,416	(4,181,697)
Return on plan of assets(excluding interest)	7,957	(6,693)
Net Actuarial (gain)/loss recognized for the year	1,935,284	(3,139,097)
7 Maturity profile of defined benefit obligation		
Within the next 12 months	565,223	381,196
Between 2 to 5 years	2,742,353	1,587,921
Between 5 to 10 years	4,201,561	2,745,386
8 Acturial assumptions used for estimating defined benefit obligations		
Discount Rate	7.50%	7.70%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Assets	7.50%	7.70%
Attrition/ Withdrawal Rate	5%	5%
Martality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
The weighted average duration of plan	10.89 years	10.89 years

Notes:

1 Salary escalation rate is arrived after taking into account regular increaments, price inflation and promotion and other relevant factors such as supply and demand in

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 2017-18 is Rs 5,00,000/-
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 2016-17	2015-16
Discount rate	+1%	6,591,462	4,269,125
	-1%	7,646,741	4,961,458
Salary Escalation rate	+1%	7,168,011	4,631,976
	-1%	7,000,307	4,555,065
Withdrawal rate	+1%	7,345,553	4,784,653
	-1%	6,799,726	4,384,440

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

Investment Risk:

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

Interest risk

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

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.

Particulars	2016-17	2015-16
Present value of unfunded obligations	5,539,112	3,744,736
Expenses recognised in the statement of profit and loss	5,539,112	3,744,736
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)	7.50%	7.70%
Salary escalation rate (per annum)	7.50%	7.50%

34 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:

	Name of the party	Relationship
1	The Phoenix Mills Limited	Holding Company
2	Vamona Developers Private Limited	Fellow Subsidiary
3	Pallazzio Hotels & Leisure Limited	Fellow Subsidiary
4	Palladium Constructions Private Limited	Fellow Subsidiary
5	Alliance Spaces Private Limited	Fellow Subsidiary
6	Gracework Realty & Leisure Private Limited	Fellow Subsidiary
7	Island Star Mall Developers Private Limited	Fellow Subsidiary
8	Offbeat Developers Private Limited.	Fellow Subsidiary
9	Gangetic Hotels Pvt Ltd	Fellow Subsidiary
10	Bellona Hospitality Services Pvt Ltd	Fellow Subsidiary
11	Classic Mall Development Pvt Ltd.	Fellow Subsidiary (Upto 31.03.2017
12	Shishir Shrivastava	Key Managerial Personnel
13	Pradumna Kanodia	Key Managerial Personnel
14	Vinay Goggi	Key Managerial Personnel

b) Transactions during the year:

(Amount in Rs.)

	Nature of transactions	Name of Related parties						Total
		Payment of Rent	Project Management Consultancy Fees	Security Deposit repaid	Short Term Borrowings (Net)	Remuneration to Key Managerial	Interest On ICD	
1	The Phoenix Mills Limited	12,096,999	50,321,000	-	-	-	-	62,417,999
		(16,078,608)	(37,108,950)	(10,000,000)	(65,000,000)	-	(798,688)	(128,986,246)
2	Vamona Developers Private Limited	-	23,255,550	-	-	-	-	23,255,550
		-	13,252,100	-	-	-	-	13,252,100
3	Pallazzio Hotels & Leisure Limited	-	-	-	-	-	-	-
		-	(22,521,300)	-	-	-	-	(22,521,300)
4	Palladium Constructions Private Limited	-	38,799,500	-	-	-	-	38,799,500
		-	(31,029,979)	-	-	-	-	(31,029,979)
5	Alliance Spaces Private Limited	-	4,995,300	-	-	-	-	4,995,300
		-	(11,723,672)	-	-	-	-	(11,723,672)
6	Island Star Mall Developers Private Limited.	-	25,981,850	-	-	-	-	25,981,850
		-	20,445,622	-	-	-	-	20,445,622
7	Offbeat Developers Private Limited.	-	26,930,050	-	-	-	-	26,930,050
		-	(22,987,150)	-	-	-	-	(22,987,150)
8	Graceworks Realty & Leisures Private Limited.	-	4,876,100	-	-	-	-	4,876,100
		-	(14,925,950)	-	-	-	-	(14,925,950)
9	Classic Mall Development Company Private Limi	-	12,250,100	-	-	-	-	12,250,100
		-	(12,835,000)	-	-	-	-	(12,835,000)
10	Gangetic Hotels Pvt Ltd	-	198,700	-	-	-	-	198,700
		-	(1,098,550)	-	-	-	-	(1,098,550)
11	Bellona Hospitality Ser. Pvt Ltd	-	156,400	-	-	-	-	156,400
		-	(698,350)	-	-	-	-	(698,350)
12	Key Managerial Personnel	-	-	-	-	42,744,916	-	42,744,916
		-	-	-	-	(37,454,389)	-	(37,454,389)

CHATURVEDI & SHAH
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MARKET CITY RESOURCES PVT LTD.
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c) Closing Balance as on March 31, 2017:

	Particulars	Name of Related parties				Total
		Trade Payable	Trade Receivables	Security Deposits	Short Term Borrowings	
1	The Phoenix Mills Ltd.	1,884,718 (-)	- (-)	5,000,000 (5,000,000)	- (-)	6,884,718 (5,000,000)
2	Graceworks Realtors & Leisures Pvt Ltd.	- (-)	- (-)	10,000,000 (10,000,000)	- (-)	10,000,000 (10,000,000)
3	Classic Mall Development Co. Pvt Ltd.	- (-)	- (3,745,285)	- (12,500,000)	- (-)	- (16,245,285)
4	Gangetic Hotels Pvt Ltd	- (-)	- (209,157)	- -	- (-)	- (209,157)
5	Pallazzio Hotels & Leisures Ltd	- (-)	- (4,914,139)	- -	- (-)	- (4,914,139)

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 balances are unsecured and their settlement occurs through banking Channel

35 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 " Excutive 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 ecisions ablout resource

36 Earning per share:

Particulars	**2016-17**	**2015-16**
i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(8,703,007)	3,179,050
ii) Weighted Average number of equity shares used as denominator for calculating EPS	10,000	10,000
iii) Basic and Diluted Earnings per share (Rs.)	(870.30)	317.91
iv) Face value per equity share (Rs.)	10	10

37 Details of Specified Bank Notes (SBN) held and transcated during the period 8/11/2016 to 30/12/2016:

Particulars	**SBNs**	**Other denomination notes**		**Total**
Closing cash in hand as on 08.11.2016	33,000	52,566		85,566
(+) Permitted receipts	-	375,000		375,000
(-) Permitted payments	-	239,697		239,697
(-) Amount deposited in Banks	33,000	-		33,000
				-
Closing balance 30.12.2016	-	187,869		187,869

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

38 First Time Adoption:

Exemptions Applied:
IND AS 101 First-time adoption of Indian Accounting Standards allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2015 opening balance sheet.
Following exceptions to the retrospective application of other IND AS as per Appendix D of IND AS 101.

1 Deemed cost of Property,Plant and Equipment:
The Company has elected to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to IND as and measured as per previous GAAP an used that as its deemed cost as at the date of transition to IND AS.

2 The Company has decided to disclose prospectively from the date of transition the following as required by IND AS 19
i) The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan,
ii) The experience adjustments arising on;
a) The plan liabilities expressed as either an amount or a percentage of the plan liabilities at the end of the reporting period;
b) The plan assets expressed as either an amount or a percentage of the plan liabilities at the end of the reporting period.

3 Financial assets and liabilities:
The Company has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under IND AS, these are financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to IND AS, the requirement of initial recognition at fair value is applied prospectively.

Impact of transition to IND AS
The following is a summary of the effects of the differences between IND AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to IND AS.

CHATURVEDI & SHAH
MUMBAI
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MARKET CITY RESOURCES PRIVATE LIMITED.
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Notes on Financial Statements for year ended 31st March, 2017

Reconcilition of Balance Sheet as at 1st April 2015

(Amount in Rs.)

Particulars	As per Indian GAAP As at 31st March, 2015	Adjustment	As per IND AS As At 1st April, 2015
I. **I. ASSETS**			
Non-Current Assets			
Property, Plant & Equipment	69,986,646	-	69,986,646
Intangible Assets	1,144,416	-	1,144,416
Non-Current Investments	72,500,000	-	72,500,000
Other Non Current Assets	1,084,347	-	1,084,347
Current assets			
Financial Asset			
Trade Receivables	47,812,031	-	47,812,031
Cash and Cash Equivalents	3,440,663	-	3,440,663
Others	2,000,000	-	2,000,000
Current Tax Assets (Net)	7,335,373	-	7,335,373
Other Current Assets	2,868,187	-	2,868,187
TOTAL	**208,171,663**	-	**208,171,663**
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	100,000	-	100,000
Other Equity	85,548,549	-	85,548,549
Non-Current Liabilities			
Financial Liability			-
Borrowings	3,143,131	-	3,143,131
Other Financial Liabilities			-
Provisions	2,689,843	-	2,689,843
Deferred Tax Liability (Net)	1,790,497	-	1,790,497
Current Liabilities			
Financial Liability			
Short-Term Borrowings	65,000,000	-	65,000,000
Trade Payables			-
Small and Micro Enterprises	-		-
Other Payables	4,880,791	-	4,880,791
Others Finacial Liabilities	1,382,250	-	1,382,250
Provisions	2,241,413	-	2,241,413
Other Current Liabilities	41,395,189	-	41,395,189
TOTAL	**208,171,663**	-	**208,171,663**

Reconciliation of Other Equity as at April1, 2015

Particulars	Total
As at April 1, 2015 (IGAAP)	85,548,549
Less:	
Salary - Esop	39,082
Expected creit loss provision as per IND AS	-
Other Equity - ESOP	(39,082)
As at April 1, 2015 (IND AS)	85,548,549

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

MARKET CITY RESOURCES PRIVATE LIMITED.
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for year ended 31st March, 2017

Reconciliation of Balance Sheet as at 31st March, 2016

(Amount In Rs.)

Particulars	As per IGAAP As at 31st March, 2016	Adjustments	As per IND AS As at 31st March, 2016
I. ASSETS			
Non-Current Assets			
Property, Plant & Equipment	64,675,000	-	64,675,000
Intangible Assets	866,222	-	866,222
Other Non Current Assets	1,931,364	-	1,931,364
		-	
Current assets		-	-
Financial Asset		-	
Trade Receivables	44,022,935	-	44,022,935
Cash and Cash Equivalents	10,114,949	-	10,114,949
Others	3,500,000	-	3,500,000
Current Tax Assets (Net)	9,658,567	-	9,658,567
Other Current Assets	1,468,038	-	1,468,038
TOTAL	**136,237,076**	-	**136,237,076**
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	100,000	-	100,000
Other Equity	93,653,421	-	93,653,421
		-	
		-	
Non-Current Liabilities		-	
Financial Liability		-	-
Borrowings	3,685,297	-	3,685,297
Other Financial Liabilities		-	-
Provisions	3,779,535	-	3,779,535
Deferred Tax Liability (Net)	1,150,457	-	1,150,457
		-	
Current Liabilities		-	
Financial Liability		-	
Short-Term Borrowings	-	-	
Trade Payables		-	-
Small and Micro Enterprises	-	-	-
Other Payables	1,182,676	-	1,182,676
Others Finacial Liabilities	1,185,754	-	1,185,754
Provisions	211,397	-	211,397
Other Current Liabilities	31,288,539	-	31,288,539
TOTAL	**136,237,076**	-	**104,948,537**

Reconciliation of Other Equity as at March 31, 2016

Particulars	Total
As at March 31, 2016 (IGAAP)	93,653,421
Less:	
Salary - Esop	2,844,409
Remeasurement gain/ (loss) on defined benefit plans classifed In Other Comprehensive Income	2,081,413
Other Equity - ESOP	(2,844,409)
Other Comprehesive Income, net of income tax	(2,081,413)
As at March 31, 2016 (IND AS)	**93,653,421**

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Market City Resources Private Limited.
(CIN : U55100MH2006PTC159544)
Notes on Financial Statements for year ended 31st March, 2017

Reconciliation of statement of Profit and Loss for the year ended 31st March, 2016.

(Amount in Rs.)

Particulars	**Note**	**2015-16**	**Adjustment**	**2015-16**
Income:				
Revenue from Operations		209,887,123	-	209,887,123
Other Income		972,135	-	972,135
Total Revenue		**210,859,258**	-	**210,859,258**
Expenditure :				
Employee Benefit Expenses		126,394,966	5,953,919	132,348,885
Finance Costs		1,356,588		1,356,588
Depreciation and Amortisation		12,936,174		12,936,174
Other Expenses		58,208,638		58,208,638
Total Expenses		**198,896,366**	**5,953,919**	**204,850,285**
Profit Before Tax	I & II	11,962,892	(5,953,919)	6,008,973
Less : Tax expenses				
Current Tax		4,821,000	(1,028,097)	3,792,903
Deferred Tax		(640,039)	-	(640,039)
Excess Provision Written Back		(322,941)	-	(322,941)
Profit for the year		**8,104,872**	**(4,925,822)**	**3,179,050**
Other Comprehensive Income				
Items that will not be reclassified to Profit & Loss		-	**3,109,510**	**3,109,510**
Income tax relating to items that will not be reclassified to Profit & Loss		-	(1,028,097)	(1,028,097)
Other Comprehensive Income for the period (B)		-	**2,081,413**	**2,081,413**
Total Comprehensive Income for the period (A+B)		**8,104,872**	**(2,844,409)**	**5,260,463**
			-	-

Notes:

I Remeasurement gain/ (loss) on defined benefit plans : Under IND AS, such obligation is recognised in OCI. Under previous Indain GAAP it was recorded in the Profit and Loss Account.

II Employee stock option has been accounted at fair value under Ind AS, which were earlier accounted by holding company

39 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**
Chartered Accountants
(Firm Registration No: 101720W)

For and on behalf of the Board of Directors

Jignesh Mehta
Partner
Membership No. 102749

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Rajendra Kalkar
Director
(DIN-03269314)

Vinay Goggi
Director
(DIN-05205685)

Place : Mumbai
Date : 5th May, 2017.