

## **Independent Auditors' Report**

**To**  
**The Members of**  
**M/s. Prajay Holdings Private Limited**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Prajay M/s **Prajay Holdings Private Limited** ("*the Company*") which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), 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 Standalone 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 Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Board of Directors of the company.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

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

## **Basis for Qualified Opinion**

- a) Interest accrued amounting to Rs. 5924.82 lacs (including Rs. 1361.60 lacs for the year), on compulsorily convertible debentures (Note 28) has been provided for. This constitutes a departure from the accounting standards. Accordingly had this interest been provided for and capitalised to inventories as done in earlier periods, Inventories and current liabilities would have been higher by Rs. 5924.82 lacs( Including Rs. 1361.60 lacs for the Year)
- b) Included in short term loans and advances (Note 34) is Rs. 733.35 lacs due from two parties, which are outstanding for long time. These advances being unsecured are unlikely to be recovered and full provision should have been made. Accordingly had full provision been made, provision for doubtful advances would have increased by Rs. 733.35 lacs, net profits and shareholders' funds would have decreased by Rs. 733.35 lacs.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion paragraph the aforesaid Standalone 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 including the Ind AS, of the state of affairs(Financial Position) of the Company as at March 31, 2017, and its Loss(Financial Performance including other comprehensive income) and 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 in terms of Section 143(11) of the Act, we give in "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 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the 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".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the standalone Ind AS Financial statements as to its Holdings as well as dealings in Specified bank notes as specified in the Notification G.S.R.308(E) Dated March 30 2017 Of the Ministry of corporate affairs, during the period from Nov 08,2016 To Dec 31,2016. Based on Audit procedures performed and relying on the management representation we report that the disclosures are in accordance with the relevant books of accounts maintained by company and as produced to us by management of the company-Refer to Note 13 to the standalone Ind AS financial statements.

For V. Ravi & Co  
Chartered Accountants  
FRN: 006492S

Place: Hyderabad  
Date: 29.05.2017

CA.Chenna Reddy.K  
Partner  
MNo:221185

## **“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS financial statements of the Company for the year ended March 31, 2017:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has granted loans to M/s Prajay Engineers Syndicate Limited (Holding company) of Rs. 1461.29 Lakhs parties covered in the Register maintained under section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing 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 with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.  
  
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks but the Company has defaulted in repayment of interest dues on debentures Rs. 5924.82 lacs for the period from 24.11.2012 to 31.03.2017.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For V. Ravi & Co  
Chartered Accountants  
FRN: 006492S

Place: Hyderabad  
Date: 29.05.2017

CA.Chenna Reddy.K  
Partner  
M No: 221185

**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Ind AS financial statements of M/s Prajay Holdings Private Limited**

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

In conjunction with our audit of the Standalone Ind AS financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Prajay Holdings Private Limited (“the Company”) as of that date.

**Management’s Responsibility for 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”. 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 Companies Act, 2013.

**Auditors’ 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India".

For V. Ravi & Co  
Chartered Accountants  
FRN: 006492S

Place: Hyderabad  
Date: 29.05.2017

CA.Chenna Reddy.K  
Partner  
M No: 221185

**Prajay Holdings Private Limited**  
**CIN : U51909TG2006PTC053715**

Balance Sheet as at 31st March, 2017

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	4,512	6,865	9,365
<b>Financial assets</b>				
Investments in subsidiary	7	218,232	218,232	218,232
Loans	8	598	398	260
Deferred tax assets (net)		510	109	-
		<b>223,852</b>	<b>225,604</b>	<b>227,857</b>
<b>Current assets</b>				
Inventories	9	1,583,092	1,691,373	1,872,959
<b>Financial assets</b>				
Trade receivables	10	84,876	63,682	18,058
Cash and bank balances	11	7,147	10,473	5,620
Loans	8	243,209	252,701	212,802
Current tax assets, gross		7,373	7,307	7,307
Other current assets	12	270	270	270
		<b>1,925,967</b>	<b>2,025,806</b>	<b>2,117,016</b>
<b>Total assets</b>		<b>2,149,819</b>	<b>2,251,411</b>	<b>2,344,873</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital	13	12,821	12,821	12,821
Other equity	14	328,441	358,928	406,630
<b>Total equity</b>		<b>341,262</b>	<b>371,749</b>	<b>419,451</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	15	1,701,112	1,701,112	1,701,112
Deferred tax liabilities (net)		-	-	279
		<b>1,701,112</b>	<b>1,701,112</b>	<b>1,701,391</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables	16	49,087	43,006	46,149
Other current liabilities	17	58,358	135,544	177,367
Liabilities for current tax assets		-	-	515
<b>Total liabilities</b>		<b>107,445</b>	<b>178,550</b>	<b>224,031</b>
<b>Total equity and liabilities</b>		<b>2,149,819</b>	<b>2,251,411</b>	<b>2,344,873</b>

Summary of significant accounting policies 1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for V.Ravi & Co

Chartered Accountants

ICAI Firm Registration number: 006492S

for and on behalf of the Board of Directors of Prajay Holdings Private Limited

Chenna Reddy.K  
 Partner  
 Membership No: 221185

**D.Rohit Reddy**  
 Director  
 DIN: 07560450

**M. Raghavender Reddy**  
 Director  
 DIN-06936544

Place: Hyderabad  
 Date: 29.05. 2017

**Prajay Holdings Private Limited****Statement of Profit and Loss for the year ended 31st March, 2017**

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	18	163,423	198,881
Other income	19	888	353
<b>Total income</b>		<b>164,311</b>	<b>199,234</b>
<b>Expenses</b>			
Cost of sales	20	192,061	243,842
Employee benefits expense	21	-	-
Depreciation and amortisation expense		2,353	2,500
Finance costs	22	54	102
Other expenses	23	732	880
<b>Total expense</b>		<b>195,200</b>	<b>247,325</b>
<b>Profit before tax</b>		<b>-30,889</b>	<b>-48,091</b>
Tax expenses			
Current tax		-	-
Deferred tax charge		-401	-388
Total tax expense		-401	-388
<b>Profit for the year</b>		<b>-30,488</b>	<b>-47,703</b>
<b>Total comprehensive income for the year</b>		<b>-30,488</b>	<b>-47,703</b>
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		-23.78	-37.21

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for V Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 006492S

for and on behalf of the Board of Directors of Prajay Holdings Private Limited

Chenna Reddy.K  
Partner  
Membership No: 221185

**D.Rohit Reddy**  
Director  
DIN: 07560450

**M. Raghavender Reddy**  
Director  
DIN-06936544

Place: Hyderabad

Date: 29.05. 2017

**Prajay Holdings Private Limited**

**Statement of Changes in Equity for the year ended March 31, 2017**

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

**a. Equity Share Capital**

	No. of shares	Amount
<b>Equity shares of INR 10 each issued</b>		
At April 1, 2015	160,000,000	1,600,000
At March 31, 2016	160,000,000	1,600,000
At March 31, 2017	160,000,000	1,600,000
<b>Equity shares of INR 10 each subscribed and fully paid-up</b>		
At April 1, 2015	1,282,051	12,821
At March 31, 2016	1,282,051	12,821
At March 31, 2017	1,282,051	12,821

**b. Other equity**

Particulars	Reserves and Surplus		Total
	Share Premium	Retained Earnings	
At April 1, 2015			
Profit for the year	194,672	211,958 (47,702)	406,630 (47,702)
At March 31, 2016	194,672	164,256	358,928
Profit for the year		(30,487)	(30,487)
<b>Balance as of 31 March 2017</b>	194,672	133,769	328,441

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for V.Ravi & Co

Chartered Accountants

ICAI Firm Registration number: 006492S

for and on behalf of the Board of Directors of Prajay Holdings Private Limited

Chenna Reddy.K

Partner

Membership No: 221185

**D.Rohit Reddy**

Director

DIN: 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 29.05.2017

**Prajay Holdings Private Limited****Statement of Cash Flows**

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>-30,889</b>	<b>-48,091</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	2,353	2,500
Amortisation of intangible assets	-	-
Finance income (including fair value change in financial instruments)	-	-
Finance costs (including fair value change in financial instruments)	54	102
	-	-
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	-21,194	-45,624
(Increase)/ decrease in inventories	108,283	181,586
(Increase)/ decrease in loans	9,292	-40,037
(Increase)/ decrease in other assets	-	-
Increase/ (decrease) in trade payables and other financial liabilities	6,081	-3,143
Increase/ (decrease) in provisions	-	-
Increase/ (decrease) in other non financial liabilities	-77,186	-41,823
	<b>-3,206</b>	<b>5,470</b>
Income tax paid	-66	-515
<b>Net cash flows from operating activities</b>	<b>-3,272</b>	<b>4,955</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	-
Interest received (finance income)	-	-
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	-	-
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	54	102
<b>Net cash flows from/ (used in) financing activities</b>	<b>54</b>	<b>102</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-3,326</b>	<b>4,853</b>
Cash and cash equivalents at the beginning of the year (refer note 11)	10,473	5,620
<b>Cash and cash equivalents at the end of the year (refer note 11)</b>	<b>7,147</b>	<b>10,473</b>

Cash &amp; Cash Equivalents INR 3,097 thousands in Escrow account (31.03.2016 : INR 3,097 thousands)

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

M. V. Kavi &amp; Co

for and on behalf of the Board of Directors of Prajay Holdings Private Limited

*Chartered Accountants*

ICAI Firm Registration number: 006492S

Chenna Reddy.K

Partner

Membership No: 221185

**D.Rohit Reddy**

Director

DIN: 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 29.05. 2017

## **Prajay Holdings Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

#### **1. General information**

Prajay Holdings Private Limited (the Company) is a private company domiciled & incorporated under the provisions of the Companies Act, 1956 on April 19, 1994. The Company is engaged primarily in the business of real estate construction and development of projects.

#### **2. Basis of preparation of financial statements**

##### **2.1 Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015. For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS.

Refer Note 3.14 for details of the first-time adoption exemptions availed by the Company.

##### **2.2 Accounting convention**

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- long term borrowings are measured at amortized cost using the effective interest rate method.

##### **2.3 Functional currency**

The financial statements are presented in Indian rupees, which is the functional currency of our Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

##### **2.4 Operating cycle**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### *Assets:*

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Prajay Holdings Private Limited**  
**Notes forming part of the financial statements**  
(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

*Liabilities:*

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

### **3. Significant accounting policies**

#### **3.1 Revenue recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of taxes and applicable trade discounts and allowances.

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership;
  - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately. Service tax does not form part of gross revenue.

**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

*Dividend and interest income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**3.2 Cost of construction**

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the statement of profit and loss based on the percentage of revenue recognized, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Cost of Construction Contracts includes estimated construction costs and construction material, which is charged to the statement of profit and loss based on percentage of revenue recognized measured by survey of work performed as per accounting policy above, depending on the nature of the contract, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Overhead expenses comprising costs other than those directly charged to the jobs are distributed over the various projects on a pro-rata basis having regard to the activity and nature of such projects.

**3.3 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**3.4 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **Prajay Holdings Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

#### **3.5 Taxation**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### **Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **3.6 Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

### **3.7 Property, plant and equipment**

#### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

#### *Depreciation*

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

### **3.8 Inventories**

Inventories are valued as under:

- Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- Constructed properties includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.

### **3.9 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

### **3.10 Employee benefits**

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Defined contribution plans*

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

#### *Termination benefits*

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

**Prajay Holdings Private Limited**  
**Notes forming part of the financial statements**  
(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

*Other long-term employee benefits*

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

**3.11 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**3.12 Contingent liabilities & contingent assets**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**3.13 Financial instruments**

*Initial recognition*

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Prajay Holdings Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

#### **3.14 First-time adoption of Ind AS– mandatory exceptions, optional exemptions**

These financial statements have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company followed the guidelines prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as (the transition date) and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 5.

Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below:

**Fixed Assets:** Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of carrying cost (cost model) on 31 March 2015. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1-April 2015.

**Investments in associates and subsidiaries:** The Company has elected to continue with the carrying value of its investments in subsidiary companies and associate companies as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

***Provision and contingent liability***

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

***Investment in equity instruments of subsidiary and associate companies***

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

**Prajay Holdings Private Limited**  
**Notes forming part of the financial statements**  
 (All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

**5. First-time Ind AS adoption reconciliations**

**5.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

Amounts in INR Thousands

Particulars	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	66,386	1,14,089
Impact on account of equity portion of compound financial instruments	2,92,542	2,92,542
Impact on account of measuring investments at fair value	-	-
Impact on account of discounting liabilities/assets	-	-
Impact on deferred taxes	-	-
Equity reported under Ind AS	3,58,928	4,06,630

**5.2 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016**

	Year ended March 31, 2016
Net Profit under previous GAAP	(47,703)
Impact on measuring investments at fair value through OCI	-
Finance cost on account of unwinding of interest on discounted liabilities	-
Impact on deferred taxes	-
Net Profit under Ind AS	(47,703)

## Prajay Holdings Private Limited

### Notes forming part of the financial statements

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

#### 6 Property, plant and equipment

Particulars	Plant and Machinery	Furniture and fixtures	Computers	Vehicles	Total
<b>Cost</b>					
At April 1, 2015 (Refer note a)	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments	-	-	-	-	-
At March 31, 2016	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments	-	-	-	-	-
At March 31, 2017	7,016	723	10	1,616	9,365
<b>Accumulated depreciation</b>					
At April 1, 2015	-	-	-	-	-
Charge for the year	1,996	224	-	280	2,500
Less: Adjustments	-	-	-	-	-
At March 31, 2016	1,996	224	-	280	2,500
Charge for the year	1,849	224	-	280	2,353
Less: Adjustments	-	-	-	-	-
At March 31, 2017	3,845	448	-	560	4,853
<b>Carrying amount</b>					
At April 1, 2015	7,016	723	10	1,616	9,365
At March 31, 2016	5,020	499	10	1,336	6,865
At March 31, 2017	3,171	275	10	1,056	4,512

#### Note

a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.

b) Capitalised borrowing costs :

The amount of borrowing costs capitalised during the year ended March 31, 17 was INR Nil (March 31, 2016 - INR Nil).

## Prajay Holdings Private Limited

Notes forming part of the financial statements

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

### 7 Investments

	31 March 2017	31 March 2016	1 April 2015
<b>Non-current investments</b>			
<b>Investments carried at cost</b>			
<b>Unquoted equity shares</b>			
<i>Investments in subsidiaries</i>			
2,18,23,190 (March 31, 2016: 2,18,23,190; April 1, 2015: 2,18,23,190) equity shares of face value Rs. 10 each fully paid up in Prajay Retail Properties Private Limited	218,232	218,232	218,232
<b>Total investments carried at cost</b>	<b>218,232</b>	<b>218,232</b>	<b>218,232</b>
<b>Total investments</b>	<b>218,232</b>	<b>218,232</b>	<b>218,232</b>
<b>Category-wise investments</b>			
Investment in equity instruments	218,232	218,232	218,232
<b>Other disclosures</b>			
Investment in subsidiaries	218,232	218,232	218,232

### 8 Loans (Unsecured, considered good unless otherwise stated)

	31 March 2017	31 March 2016	01 April 2015
<b>Non-current</b>			
Security deposits	598	398	260
	<b>598</b>	<b>398</b>	<b>260</b>
<b>Current</b>			
Loans and Advances to related parties	146,129	136,047	127,418
Advance to Subsidiary	4,243	4,231	4,231
Advances recoverable in cash or in kind or for value to be received	92,837	112,423	81,153
	<b>243,209</b>	<b>252,701</b>	<b>212,802</b>

## Prajay Holdings Private Limited

### Notes forming part of the financial statements

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

9 Inventories	31 March 2017	31 March 2016	1 April 2015
Land at Cost	-	-	-
Land and construction work in progress - at cost	1,583,092	1,691,373	1,872,959
	<u>1,583,092</u>	<u>1,691,373</u>	<u>1,872,959</u>

10 Trade receivables	31 March 2017	31 March 2016	1 April 2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Unsecured, considered good	36,843	7,293	-
Doubtful	-	-	-
	<u>36,843</u>	<u>7,293</u>	<u>-</u>
Provision for doubtful receivables	-	-	-
	<u>36,843</u>	<u>7,293</u>	<u>-</u>
<b>Other receivables</b>			
Unsecured, considered good	48,033	56,389	18,058
<b>Total Trade receivables</b>	<u>84,876</u>	<u>63,682</u>	<u>18,058</u>

11 Cash and bank balances	31 March 2017	31 March 2016	1 April 2015
Balances with banks:			
- On current accounts (a)	6,981	9,964	5,345
Cash on hand	166	509	275
<b>Cash and cash equivalents</b>	<u>7,147</u>	<u>10,473</u>	<u>5,620</u>

#### Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other notes*	Total
Closing cash in hand as on November 8, 2016	-	2,500	2,500
(+) Cash withdrawal	-	-	-
(+) Permitted receipts	-	33,158	33,158
(-) Permitted payments	-	2,500	2,500
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	33,158	33,158

\*Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016- These are general receipts and payments of other denomination notes.

12 Other assets	31 March 2017	31 March 2016	1 April 2015
<b>Non-current assets</b>			
<i>Unsecured, considered good</i>			
Advances for Purchase of Land / development (a)	270	270	270
Capital advances	-	-	-
<i>Unsecured, considered doubtful</i>			
Advances for Purchase of Land / development	-	-	-
	<u>270</u>	<u>270</u>	<u>270</u>
Less: Provision against advances for Purchase of Land / development	-	-	-
	<u>270</u>	<u>270</u>	<u>270</u>

**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Thousands, except share data and where otherwise stated)

**13 Share Capital**

	31 March 2017	31 March 2016	1 April 2015
<b>Authorised Share Capital</b>			
16,00,00,000 (March 31, 2016: 16,00,00,000; April 1, 2015: 16,00,00,000) equity shares of Rs.10 each	1,600,000	1,600,000	1,600,000
<b>Issued equity capital</b>			
12,82,051 (March 31, 2016: 12,82,051; April 1, 2015: 12,82,051) equity shares of Rs.10 each	12,821	12,821	12,821
<b>Subscribed and fully paid-up</b>			
12,82,051 (March 31, 2016: 12,82,051; April 1, 2015: 12,82,051) equity shares of Rs.10 each	12,821	12,821	12,821
	<u>12,821</u>	<u>12,821</u>	<u>12,821</u>

**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	31 March 2017		31 March 2016	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	1,282,051	12,821	1,282,051	12,821
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,282,051	12,821	1,282,051	12,821

**(b) Terms / rights attached to the equity shares**

The Company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of shareholders holding more than 5% shares in the Company**

Particulars	31 March 2017		31 March 2016	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Engineers Syndicate Limited	999,900	78.00	999,900	78.00
-White Stock Limited	282,151	22.00	282,151	22.00

**14 Other equity**

	31 March 2017	31 March 2016
<b>Share premium</b>		
Opening balance	194,672	194,672
Add: Premium on fresh issue	-	-
Closing balance	<u>194,672</u>	<u>194,672</u>
<b>Retained earnings</b>		
Opening balance	164,256	211,958
Profit/(loss) for the year	(30,487)	(47,702)
Less: Transfers to general reserve	-	-
Closing balance	<u>133,769</u>	<u>164,256</u>
<b>Total other equity</b>	<u>328,441</u>	<u>358,928</u>

**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

**15 Borrowings**

**Non-current Borrowings**

**Secured loans**

**Compulsorily Convertible Debentures**

(held by White Stock Limited)

31 March 2017    31 March 2016    1 April 2015

1,244,265            1,244,265            1,244,265

1. Compulsorily Convertible Debentures of 716265 nos with face value Rs 1,000 each carry interest rate of 10% p.a issued on 24th October, 2007 and 28th February, 2008 with an option to convert in whole or in part within 8 years from the date of issue of such Debentures into such number of fully paid-up equity shares of the Company which is equal to the conversion price mutually agreed as per applicable laws. If at anytime within 8 years from the date of issue, the subscribers to such debentures do not exercise the right to conversion, the Company shall compulsorily convert such debentures into fully paid up equity shares of the Company at the expiry of 8 years. These Compulsorily Convertible Debentures have been issued under Foreign Direct Investment guidelines as issued by Government of India/RBI from time to time latest vide RBI Circular A.P.(DIR series) Circular No.20 dated December 14,2007 which classifies Compulsorily Convertible Debentures as equity instrument)

2. Compulsorily Convertible Debentures of 5,28,000 nos with face value Rs.1000 each carry interest rate of 11% p.a (net of withholding tax) issued on 24th August, 2011 with an option to convert into equity shares of the company at on the date falling on the 8th anniversary of the first completion date.

[Secured by way of assignment of the receivables of the Gulmohar Project and value of unsold stock/debt of projects Prajay Enclave, Prajay Windsor Park and Prajay Harbour City & repayable in 20 quarterly installments of Rs.37.50 per quarter w.e.f. December 2013]

Less: Equity Component of CCD

112,706            112,706            112,706

1,131,559            1,131,559            1,131,559

**Debenture Application Money**

105,000            105,000            105,000

**Liability component of Optionally Convertible Preference Shares**

(i) 6,44,38,944 Series 'B' 0.01% non-cumulative, redeemable, convertible Preference Shares of Rs. 10 each

(ii) of the above:

6,44,38,944 Preference Shares of Rs.10 each are allotted as fully paid up to Prajay Engineers Syndicate Limited, pursuant to a contract without payment being received in cash.

(iii) Preference shares are convertible at the option of holders into equity shares of Rs 10/- each after the expiry of 10 years from the date of issue i.e. 20th October 2007 at par or in case of compulsorily conversion at a price of Rs 4000 (including premium of Rs 3,990) per Equity Shares of Rs 10/- each.

(iv) The preference shares are redeemable (if not previously converted into equity shares) at the end of 15 years from date of issue i.e 20th October, 2007

**Total non-current borrowings**

1,701,112            1,701,112            1,701,112

**16 Trade payables**

31 March 2017    31 March 2016    1 April 2015

Total outstanding dues of micro enterprises and small enterprises

49,087            43,006            46,149

Others

49,087            43,006            46,149

**17 Other current liabilities**

31 March 2017    31 March 2016    1 April 2015

Advance from Customers

58,358            135,544            177,367

58,358            135,544            177,367

**Prajay Holdings Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

<b>18 Revenue from operations</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Construction division</b>		
Sale of Constructed Properties	163,423	198,881
	-	-
	<u>163,423</u>	<u>198,881</u>
<b>19 Other income</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Miscellaneous income	888	353
	<u>888</u>	<u>353</u>
<b>20 Cost of sales</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Raw material and components/ Development and construction costs		
Inventory at the beginning of the year:		
-Land	-	-
-Constructed Properties	1,691,373	1,872,959
	<u>1,691,373</u>	<u>1,872,959</u>
Add: Purchases/Development and Construction Costs	83,780	62,256
Less: inventory at the end of the year :		
-Land	-	-
-Constructed Properties	1,583,092	1,691,373
Sub total	<u>1,583,092</u>	<u>1,691,373</u>
Cost of raw material and components consumed :		
-Development /Construction Costs	192,061	243,842
	<u>192,061</u>	<u>243,842</u>
<b>21 Employee benefits expense</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Salaries, wages and bonus	5,206	6,512
Contribution to provident and other funds	288	261
Staff welfare expenses	439	458
Stock based compensation expense,net	<u>5,933</u>	<u>7,231</u>
Less:Allocated to Projects	<u>5,933</u>	<u>7,231</u>
	-	-

**Prajay Holdings Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

**22 Finance costs**

	31 March 2017	31 March 2016
Bank Charges and others	54	102
	<u>54</u>	<u>102</u>
Less:Allocated to Projects	-	-
	<u>54</u>	<u>102</u>

**23 Other expenses**

	31 March 2017	31 March 2016
Advertisements	15	-
Legal and professional	180	29
Power and fuel	3,469	3,654
Repairs and maintenance		
Plant and machinery	13	8
Vehicles	35	9
Others	56	152
Insurance	64	133
Travel and conveyance	192	187
Rent (a)	-	-
Rates and taxes	60	77
Auditors' remuneration	121	170
Other general expenses	99	462
	<u>4,304</u>	<u>4,881</u>
Less:Allocated to Projects	3,572	4,001
	<u>732</u>	<u>880</u>

**Prajay Holdings Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

**24. Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017	31 March 2016
Profit/(Loss) after tax attributable to shareholders in INR Thousands	(30,488)	(47,703)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	12,82,051	12,82,051
Earnings per Share ( Basic & Diluted)	(23.78)	(37.21)

**Notes:**

- (1) Dilution in EPS on account of 0.01% redeemable convertible non – cumulative preference shares has not been determined as the terms of preference share subscription agreement indicate that they are convertible or redeemable based on the option exercisable by the subscribers, which is not presently ascertainable.
- (2) Dilution in EPS on account of compulsorily convertible debentures has not been determined as the terms of the debenture subscription agreement indicate that the number of equity shares to be issued against each debenture shall be decided within eight years from the date of issue. The conversion ratio/price, as of balance sheet date has not been decided.

25. As stated in Note 3.1(ii) for recognizing profit on projects, stage of completion is determined as a proportion that project costs incurred for the work performed bear to the estimated total costs. Further, as stated in that note expected loss on projects is recognized when it is probable that the total project costs will exceed the total project revenue. For this purpose total project costs are ascertained on the basis of project costs incurred and costs to completion of projects on progress, which is arrived at by the Management, based on current technical data, forecasts and estimate of net expenditure to be incurred in future including for contingencies etc., which being technical matters have been relied on by auditors. Further, in respect of certain properties where sale agreement has been entered with parties even though money has not been received as per stipulation in the contract, the Company has recognized revenue and debtors as management is confident that it shall be able to realize the sale proceeds.

**Prajay Holdings Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

**26. Land**

Inventories of constructed properties , include land admeasuring 59 acres 21 guntas at Maheshwaram, Hyderabad, Andhra Pradesh for which the company has received approval vide letter no.15903/HADA/GH/2007 Dated 08.10.2008 for development of Group Housing layout , subject to certain conditions which include mortgage / charge on certain dwelling units to Hyderabad Metropolitan Development Authority (HMDA).

27. As the Company's business activity primarily falls with a single business and geographical segmen i.e., real estate development, and in India respectively, there are no additional disclosures to be provided under Accounting Standard 17 "Segment Reporting", other than those already provided in the financial statements.

28. The liability towards the CCD's held by M/s L.B.Hyderabad Investments Inc.LLC, Stands settled. The entire CCD's were taken over by M/s White Stock Limited. Further fresh CCD's were issued to White Stock Limited. The Interest Liability on the old CCD's from the date of take over, as well as on the new CCD's falls due for payment every quarter. The interest on CCDs from 24.11.12 to 31.03.16 amounting to Rs.5,92,482 thousands has not been paid or provided for in the books of accounts.

**29. Trade Payables – Dues to Micro and Small Enterprises:**

The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small or medium enterprises.

**30. Commitments and contingencies**

There are no pending litigations that have an impact on the financial position of the company.

**31. Value of Import of CIF Basis**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
	(Rs. in Thousands)	(Rs. in Thousands)
Construction related equipment and material –	Nil	Nil

**32. Expenditure in Foreign Currency**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
	(Rs. in Thousands)	(Rs. in Thousands)
Investments	Nil	Nil
Others	Nil	Nil

**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)

Others

Nil

Nil

**33. Auditors' Remuneration**

Particulars	2016-17	2015-16
	(Rs. in Thousands)	(Rs. in Thousands)
Audit Fee	120	120
For Other matters	--	--

**34.** Short-term loans and advances (Note 14) include advances given to suppliers, etc amounting to Rs.73,335 thousands outstanding from earlier years. Due to long term involvement in projects, no provision has been considered necessary.

**35. Prior year comparatives**

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached

For **V.Ravi & Co**

Chartered Accountants

ICAI Firm Regn.No:006492S

**For and on behalf of the Board of Directors Prajay Holdings Private Limited.**

**A.Chenna Reddy**

Partner

Membership No:221185

**D. Rohit Reddy**

Director

DIN: 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 29.05.2017

## **Independent Auditors' Report**

**To**  
**The Members of**  
**M/S. PRAJAY DEVELOPERS PRIVATE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **M/S. PRAJAY DEVELOPERS PRIVATE LIMITED** (*"the Company"*) which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), 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 Standalone 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 Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Board of Directors of the company.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 the 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 standalone 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 standalone 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 standalone 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2017, and its loss (financial performance including other 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 in terms of Section 143(11) of the Act, we give in "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 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the 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".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the standalone Ind AS Financial statements as to its Holdings as well as dealings in Specified bank notes as specified in the Notification G.S.R.308(E) Dated March 30 2017 Of the Ministry of corporate affairs, during the period from Nov 08,2016 To Dec 31,2016. Based on Audit procedures performed and relying on the management representation we report that the disclosures are in accordance with the relevant books of accounts maintained by company and as produced to us by management of the company-Refer to Note 13 to the standalone Ind AS financial statements.

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

Place: Hyderabad  
Date: 27.05.2017

CA.Siva Kumar Reddy.T  
Partner  
MNo: 212128

**“Annexure B” to the Independent Auditor’s Report of even date on the standalone Ind AS financial statements of M/s Prajay Developers Private Limited**

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of **M/s Prajay Developers Private Limited** (“the Company”) as of that date.

**Management’s Responsibility for 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”. 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 Companies Act, 2013.

**Auditors’ 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India”.

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

Place: Hyderabad  
Date: 27.05.2017

CA.Siva Kumar Reddy.T  
Partner  
M No: 212128

**Annexure A” to the Independent Auditors’ Report**

**Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone Ind AS financial statements of the M/s Prajay Developers Private Limited for the year ended March 31, 2017:**

**In Respect of Fixed Assets**

The company does not have any fixed assets as on reporting date.

**In Respect of inventories**

- a) The inventories have been physically verified by the management during the year at reasonable intervals and in our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

**Compliance under section 189 of the Companies act, 2013**

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. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

## v. **Compliance under section 185 and 186 of the Companies act, 2013**

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

## v. **Deposits**

The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

## v. **Maintenance of Cost Records**

The Company is not required to maintain cost records pursuant to the rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the companies Act, 2013.

## v. **Deposit of Statutory Dues**

### **a. Statutory dues for more than six months**

The Company is regular in depositing of undisputed statutory dues including Provident fund, Employee's state insurance, Income- tax, Sales Tax, Service tax, Duty of Customs, Duty of excise, Value Added Tax, Cess and any other statutory dues applicable to the company with the appropriate authorities. No disputed amounts payable in respect of statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.

### **b. Dispute for Tax and duty**

There is no dispute with the Income tax, Sales tax, Service tax, Duty of excise, value added tax regarding any duty or tax payable

**V.II. Repayment of Loans or Borrowings**

The Company has not borrowed any loans from Financial Institutions, Banks and debenture holders.

**V.III. Utilisation of Money raised by Public Offer and Term Loan for which they Raised**

Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.

**V.IV. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

**V.V. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.

**V.VI. Compliance by Nidhi Company Regarding Net Owned Funds to Debt Ratio**

As per information and records available with us the company is not a Nidhi Company.

**V.VII. Related Party transactions**

There are no transactions with the related parties during the year.

**V.VIII. Compliance under section 42 of Companies Act – 2013 regarding Private Placement of Shares or Debentures**

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

**V.IX. Compliance under section 192 of Companies Act 2013**

The Company has not entered into any Non-Cash Transactions with Directors or persons connected with him.

**Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Madu K Reddy Associates  
Chartered Accountants  
F.R.No.008992S

Place: Hyderabad  
Date:-27.05.2017

CA. Siva Kumar Reddy.T  
Partner  
M.No. 212128

**Prajay Developers Private Limited**

(Formerly MVL Trading Company Pvt.Ltd.)

CIN: U51909TG2006PTC057831

Balance Sheet as at 31st March, 2017

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	As at	As at	As at
		31 March 2017	31 March 2016	1 April 2015
<b>Assets</b>				
<b>Current assets</b>				
Inventories	6	221,536,426	221,536,426	221,536,295
Financial assets				
Cash and bank balances	7	101,469	101,573	101,704
<b>Total assets</b>		<b>221,637,895</b>	<b>221,637,999</b>	<b>221,637,999</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital	8	218,231,900	218,231,900	218,231,900
Other equity	9	(1,222,504)	(1,199,400)	(1,199,400)
<b>Total equity</b>		<b>217,009,396</b>	<b>217,032,500</b>	<b>217,032,500</b>
<b>Current liabilities</b>				
Financial Liabilities				
Other financial liabilities	10	4,628,499	4,605,499	4,605,499
<b>Total liabilities</b>		<b>4,628,499</b>	<b>4,605,499</b>	<b>4,605,499</b>
<b>Total equity and liabilities</b>		<b>221,637,895</b>	<b>221,637,999</b>	<b>221,637,999</b>

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

for and on behalf of the Board of Directors of Prajay Developers Private Limited

Chartered Accountants

ICAI Firm Registration number: 008992S

C. A. Siva Kumar Reddy. T

D. Rohit Reddy

M. Raghavender Reddy

Partner

Director

Director

Membership No: 212128

DIN : 07560450

DIN-06936544

Place: Hyderabad

Date: 27.05.2017

**Prajay Developers Private Limited**

(Formerly MVL Trading Company Pvt.Ltd.)

CIN: U51909TG2006PTC057831

**Statement of Profit and Loss for the year ended 31st March, 2017**

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars		For the year ended 31st March'2017	For the year ended 31st March'2016
	<b>Note</b>		
Other income		-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
Other expenses		23,104	-
<b>Total expense</b>		<b>23,104</b>	-
<b>Profit before tax</b>		(23,104)	-
Tax expenses			
Current tax		-	-
Deferred tax charge		-	-
Total tax expense		-	-
<b>Profit for the year</b>		<b>(23,104)</b>	-
Current Tax		-	-
<b>Profit / (Loss) for the year</b>		<b>(23,104)</b>	-
<b>Total comprehensive income for the year</b>		<b>(23,104)</b>	-
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		(0.001)	-
Summary of significant accounting policies	1 to 5		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

Chartered Accountants

ICAI Firm Registration number: 008992S

for and on behalf of the **Board of Directors of Prajay Developers Private Limited****CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D.Rohit Reddy**

Director

DIN : 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 27.05.2017

# Prajay Developers Private Limited

## Statement of Changes in Equity for the year ended March 31, 2017

(All amounts in Indian Rupees, except share data and where otherwise stated)

### a. Equity Share Capital

	No. of shares	Amount
<b>Equity shares of INR 10 each issued</b>		
At April 1, 2015	22,000,000	220,000,000
At March 31, 2016	22,000,000	220,000,000
At March 31, 2017	22,000,000	220,000,000

### Equity shares of INR 10 each subscribed and fully paid-up

At April 1, 2015	21,823,190	218,231,900
At March 31, 2016	21,823,190	218,231,900
At March 31, 2017	21,823,190	218,231,900

### b. Other equity

Particulars	Retained Earnings	Total
<b>At April 1, 2015</b>	(1,199,400)	(1,199,400)
Profit for the year	-	-
<b>At March 31, 2016</b>	(1,199,400)	(1,199,400)
Profit for the year	(23,104)	(23,104)
<b>Balance as of 31 March 2017</b>	(1,222,504)	(1,222,504)

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

*Chartered Accountants*

ICAI Firm Registration number: 008992S

for and on behalf of the Board of Directors of Prajay  
Developers Private Limited

**CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D.Rohit Reddy**

Director

DIN : 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 27.05. 2017

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

#### **1. General information**

Prajay Developers Private Limited (the Company) is a private company domiciled & incorporated under the provisions of the Companies Act, 1956 on July'28,2006. The Company is engaged primarily in the business of real estate construction and development of projects.

#### **2. Basis of preparation of financial statements**

##### **2.1 Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015. For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS.

Refer Note 3.14 for details of the first-time adoption exemptions availed by the Company.

##### **2.2 Accounting convention**

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- long term borrowings are measured at amortized cost using the effective interest rate method.

##### **2.3 Functional currency**

The financial statements are presented in Indian rupees, which is the functional currency of our Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

##### **2.4 Operating cycle**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### *Assets:*

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

#### *Liabilities:*

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

### **3. Significant accounting policies**

#### **3.1 Revenue recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of taxes and applicable trade discounts and allowances.

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership;
  - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately. Service tax does not form part of gross revenue.

**Prajay Developers Private Limited**  
**Notes forming part of the financial statements**  
(All amounts in Indian Rupees , except share data and where otherwise stated)

*Dividend and interest income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**3.2 Cost of construction**

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the statement of profit and loss based on the percentage of revenue recognized, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Cost of Construction Contracts includes estimated construction costs and construction material, which is charged to the statement of profit and loss based on percentage of revenue recognized measured by survey of work performed as per accounting policy above, depending on the nature of the contract, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Overhead expenses comprising costs other than those directly charged to the jobs are distributed over the various projects on a pro-rata basis having regard to the activity and nature of such projects.

**3.3 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**3.4 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

#### **3.5 Taxation**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### **Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **3.6 Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

**Prajay Developers Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

### **3.7 Property, plant and equipment**

#### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

#### *Depreciation*

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

### **3.8 Inventories**

Inventories are valued as under:

- Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- Constructed properties includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.

**Prajay Developers Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**3.9 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

**3.10 Employee benefits**

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

*Termination benefits*

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

#### *Other long-term employee benefits*

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

#### **3.11 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **3.12 Contingent liabilities & contingent assets**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### **3.13 Financial instruments**

##### *Initial recognition*

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

##### *Subsequent measurement*

###### *Non-derivative financial instruments*

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

#### **3.14 First-time adoption of Ind AS– mandatory exceptions, optional exemptions**

These financial statements have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company followed the guidelines prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as (the transition date) and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 5.

Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below:

**Fixed Assets:** Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of carrying cost (cost model) on 31 March 2015. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2015.

**Investments in associates and subsidiaries:** The Company has elected to continue with the carrying value of its investments in subsidiary companies and associate companies as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## **Prajay Developers Private Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

#### **4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### ***Provision and contingent liability***

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

##### ***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

##### ***Investment in equity instruments of subsidiary and associate companies***

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

**Prajay Developers Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**5. First-time Ind AS adoption reconciliations****5.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

Amounts in INR

Particulars	Amounts in INR	
	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	-	-
Impact on account of measuring investments at fair value	-	-
Impact on account of preliminary expenses	(11,99,400)	(11,99,400)
Impact on deferred taxes	-	-
Equity reported under Ind AS	(11,99,400)	(11,99,400)

**5.2 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016**

	Year ended March 31, 2016
Net Profit under previous GAAP	-
Impact on measuring investments at fair value through OCI	-
Finance cost on account of unwinding of interest on discounted liabilities	-
Impact on deferred taxes	-
Net Profit under Ind AS	-

## Prajay Developers Private Limited

### Notes forming part of the financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

#### 6 Inventories

	31 March 2017	31 March 2016	1 April 2015
Land at Cost	221,173,150	221,173,150	221,173,150
Land and construction work in progress - at cost	363,276	363,276	363,145
	<u>221,536,426</u>	<u>221,536,426</u>	<u>221,536,295</u>

#### Cash and bank balances

	31 March 2017	31 March 2016	1 April 2015
Balances with banks:			
- On current accounts	13,982	14,086	14,217
Cash on hand	87,487	87,487	87,487
<b>Cash and cash equivalents</b>	<u>101,469</u>	<u>101,573</u>	<u>101,704</u>

#### Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other notes*	Total
Closing cash in hand as on November 8, 2016	-	87,487	87,487
(+) Cash withdrawal	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	87,487	87,487

\* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of These are general receipts and payments of other denomination notes.

# Prajay Developers Private Limited

## Notes forming part of the financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

### Share Capital

	31 March 2017	31 March 2016	1 April 2015
<b>Authorised Share Capital</b>			
2,20,00,000 (March 31, 2016: 2,20,00,000; April 1, 2015: 2,20,00,000) equity shares of Rs.10 each	220,000,000	220,000,000	220,000,000
<b>Issued equity capital</b>			
2,18,23,190 (March 31, 2016: 2,18,23,190; April 1, 2015: 2,18,23,190) equity shares of Rs.10 each	218,231,900	218,231,900	218,231,900
<b>Subscribed and fully paid-up</b>			
2,18,23,190 (March 31, 2016: 2,18,23,190; April 1, 2015: 2,18,23,190) equity shares of Rs.10 each	218,231,900	218,231,900	218,231,900
	218,231,900	218,231,900	218,231,900

### (a) Reconciliation of shares outstanding at the beginning and end of the reporting year

Particulars	31 March 2017		31 March 2016	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	21,823,190	218,231,900	21,823,190	218,231,900
Issued during the year	-	-	-	-
Outstanding at the end of the year	21,823,190	218,231,900	21,823,190	218,231,900

### (b) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2017		31 March 2016	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Holdings Private Limited	21,823,190	100.00	21,823,190	100.00

### Other equity

	31 March 2017	31 March 2016
Retained earnings		
Opening balance	(1,199,400)	(1,199,400)
Profit/(loss) for the year	(23,104)	-
Less: Transfers to general reserve	-	-
Closing balance	(1,222,504)	(1,199,400)
<b>Total other equity</b>	<b>(1,222,504)</b>	<b>(1,199,400)</b>

### Other financial liabilities

	31 March 2017	31 March 2016	1 April 2015
<b>Current</b>			
Prajay Engineers Syndicate Limited	374,249	374,249	374,249
Prajay Holdings Private Limited	4,242,750	4,231,250	4,231,250
Audit Fee Payable	11,500	-	-
<b>Total current Borrowings</b>	<b>4,628,499</b>	<b>4,605,499</b>	<b>4,605,499</b>

**Prajay Developers Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**11. Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Particulars</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Profit/(Loss) after tax attributable to shareholders in INR Thousands	<b>(23,104)</b>	-
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	<b>2,18,23,190</b>	<b>2,18,23,190</b>
Earnings per Share ( Basic & Diluted)	<b>(0.001)</b>	--

**12. Trade Payables – Dues to Micro and Small Enterprises:**

The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small or medium enterprises.

**13. Commitments and contingencies**

There are no pending litigations that have an impact on the financial position of the company.

**14. Auditors' Remuneration**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
	(Rs.)	(Rs)
Audit Fee	11500	11500
For Other matters	--	--

**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

15. Estimated amount of Contracts remaining to be executed on capital account – Nil.

16. During the year there are no Foreign Exchange earnings or Expenditure in Foreign currency.

17. No managerial remuneration is paid during the year.

18. Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached

for **Madu K Reddy Associates**

Chartered Accountants

ICAI Firm Regn.No:008992S

**For and on behalf of the Board of Directors of Prajay Developers Private Ltd.**

**CA.Siva Kumar Reddy**

Partner

Membership No:212128

**D.Rohit Reddy**

Director

DIN: 07560450

**M. Raghavender Reddy**

Director

DIN-06936544

Place: Hyderabad

Date: 27.05.2017

## **Independent Auditors' Report**

To

**The Members of**

**M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED** ("*the Company*") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), 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 Standalone 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 Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Board of Directors of the company.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 the 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 standalone 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 standalone 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 standalone 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2017, and its loss (financial performance including other 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 in terms of Section 143(11) of the Act, we give in "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 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 it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the 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”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the standalone Ind AS Financial statements as to its Holdings as well as dealings in Specified bank notes as specified in the Notification G.S.R.308(E) Dated March 30 2017 Of the Ministry of corporate affairs, during the period from Nov 08,2016 To Dec 31,2016. Based on Audit procedures performed and relying on the management representation we report that the disclosures are in accordance with the relevant books of accounts maintained by company and as produced to us by management of the company-Refer to Note 13 to the standalone Ind AS financial statements.

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

Place: Hyderabad  
Date: 29.05.2017

CA.Siva Kumar Reddy.T  
Partner  
MNo: 212128

**“Annexure B” to the Independent Auditor’s Report of even date on the the standalone Ind AS financial statements of M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED**

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of **M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED** (“the Company”) as of that date.

**Management’s Responsibility for 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”. 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 Companies Act, 2013.

**Auditors’ 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India”.

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

Place: Hyderabad  
Date: 29.05.2017

CA.Siva Kumar Reddy.T  
Partner  
MNo: 212128

**Annexure A” to the Independent Auditors’ Report**

**Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS financial statements of M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED for the year ended March 31, 2017:**

**In Respect of Fixed Assets**

The company does not have any fixed assets as on reporting date.

**In Respect of inventories**

- a) The inventories have been physically verified by the management during the year at reasonable intervals and in our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

**Compliance under section 189 of the Companies act, 2013**

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. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

## **v. Compliance under section 185 and 186 of the Companies act, 2013**

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

## **v. Deposits**

The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

## **v. Maintenance of Cost Records**

The Company is not required to maintain cost records pursuant to the rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the companies Act, 2013.

## **vii. Deposit of Statutory Dues**

### **a. Statutory dues for more than six months**

The Company is regular in depositing of undisputed statutory dues including Provident fund, Employee's state insurance, Income- tax, Sales Tax, Service tax, Duty of Customs, Duty of excise, Value Added Tax, Cess and any other statutory dues applicable to the company with the appropriate authorities. No disputed amounts payable in respect of statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.

### **b. Dispute for Tax and duty**

There is no dispute with the Income tax, Sales tax, Service tax, Duty of excise, value added tax regarding any duty or tax payable

**VII. Repayment of Loans or Borrowings**

The Company has not borrowed any loans from Financial Institutions, Banks and debenture holders.

**VIII. Utilisation of Money raised by Public Offer and Term Loan for which they Raised**

Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.

**IX. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

**X. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.

**XI. Compliance by Nidhi Company Regarding Net Owned Funds to Debt Ratio**

As per information and records available with us the company is not a Nidhi Company.

**XII. Related Party transactions**

In our opinion, There are transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

**XIII. Compliance under section 42 of Companies Act – 2013 regarding Private Placement of Shares or Debentures**

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

**XIV. Compliance under section 192 of Companies Act 2013**

The Company has not entered into any Non-Cash Transactions with Directors or persons connected with him.

**vii. Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Madu K Reddy Associates  
Chartered Accountants  
F.R.No.008992S

Place: Hyderabad  
Date: 29.05.2017

CA. Siva Kumar Reddy.T  
Partner  
M.No. 212128

**Prajay Retail Properties Private Limited**

(Formerly Dillu Cine Enterprises Pvt Ltd)

CIN: U70109TG1977PTC002176

Balance Sheet as at 31st March, 2017

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	As at	As at	As at
		31 March 2017	31 March 2016	1 April 2015
<b>Assets</b>				
<b>Current assets</b>				
Inventories	6	9,462,957	9,462,957	9,462,957
Financial assets				
Investments	7	1,044,451	968,739	949,040
Cash and bank balances	8	1,012,334	1,012,564	1,013,338
Others	9	86,696,987	91,553,373	90,865,687
Current tax assets, gross		121,307	97,511	75,528
<b>Total assets</b>		<b>98,338,036</b>	<b>103,095,144</b>	<b>102,366,550</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital	10	5,000,000	5,000,000	5,000,000
Other equity	11	(14,881,532)	(14,922,544)	(14,929,864)
<b>Total equity</b>		<b>(9,881,532)</b>	<b>(9,922,544)</b>	<b>(9,929,864)</b>
<b>Current liabilities</b>				
Financial Liabilities				
Other financial liabilities	12	86,141,750	86,158,208	86,158,208
Other current liabilities	13	22,018,000	26,818,000	26,100,000
Current Tax Liabilities		59,818	41,479	38,206
<b>Total liabilities</b>		<b>108,219,568</b>	<b>113,017,687</b>	<b>112,296,414</b>
<b>Total equity and liabilities</b>		<b>98,338,036</b>	<b>103,095,144</b>	<b>102,366,550</b>

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

Chartered Accountants

ICAI Firm Registration number: 008992S

for and on behalf of the Board of Directors of Prajay Retail Properties Private Limited

**CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D. Vijay Sen Reddy**

Director

DIN: 00291185

**Sumit Sen**

Director

DIN: 01028417

Place: Hyderabad

Date: 29.05. 2017

**Prajay Retail Properties Private Limited**  
(Formerly Dillu Cine Enterprises Pvt Ltd)  
CIN: U70109TG1977PTC002176

**Statement of Profit and Loss for the year ended 31st March, 2017**

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations		-	-
Other income	14	84,123	28,222
<b>Total income</b>		<b>84,123</b>	<b>28,222</b>
<b>Expenses</b>			
Other expenses	15	24,772	17,629
<b>Total expense</b>		<b>24,772</b>	<b>17,629</b>
<b>Profit before tax</b>		<b>59,351</b>	<b>10,593</b>
Tax expenses			
Provision for Income Tax		18,339	3,273
<b>Profit for the year</b>		<b>41,012</b>	<b>7,320</b>
<b>Total comprehensive income for the year</b>		<b>41,012</b>	<b>7,320</b>

**Earnings per equity share (nominal value of INR 1000) in INR**

Basic and Diluted 8.20 1.46

Summary of significant accounting policies 1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

Chartered Accountants

ICAI Firm Registration number: 008992S

for and on behalf of the Board of Directors of Prajay  
Retail Properties Private Limited

**CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D. Vijay Sen Reddy**

Director

DIN: 00291185

**Sumit Sen**

Director

DIN: 01028417

Place: Hyderabad

Date: 29.05.2017

**Prajay Retail Properties Private Limited**  
**(Formerly Dillu Cine Enterprises Pvt Ltd)**  
**CIN: U70109TG1977PTC002176**

**Statement of Changes in Equity for the year ended March 31, 2017**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**a. Equity Share Capital**

	<b>No. of shares</b>	<b>Amount</b>
<b>Equity shares of INR 10 each issued</b>		
At April 1, 2015	5,000	5,000,000
At March 31, 2016	5,000	5,000,000
At March 31, 2017	5,000	5,000,000
<b>Equity shares of INR 10 each subscribed and fully paid-up</b>		
At April 1, 2015	5,000	5,000,000
At March 31, 2016	5,000	5,000,000
At March 31, 2017	5,000	5,000,000

**b. Other equity**

<b>Particulars</b>	<b>Reserves and surplus</b>	<b>Total</b>
	<b>Retained Earnings</b>	
<b>At April 1, 2015</b>	(14,929,864)	(14,929,864)
Profit for the year	7,320	7,320
<b>At March 31, 2016</b>	(14,922,544)	(14,922,544)
Profit for the year	41,012	41,012
<b>Balance as of 31 March 2017</b>	(14,881,532)	(14,881,532)

Summary of significant accounting policies

1 to 5

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **Madu K Reddy Associates**

*Chartered Accountants*

ICAI Firm Registration number: 008992S

**for and on behalf of the Board Directors of Prajay  
Retail Properties Private Limited**

**CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D Vijay Sen Reddy**

Director

DIN : 00291185

**Sumit Sen**

Director

DIN: 01028417

Place: Hyderabad

Date: 29.05.2017

**Prajay Retail Properties Private Limited**  
**(Formerly Dillu Cine Enterprises Pvt Ltd)**  
**CIN: U70109TG1977PTC002176**

**Statement of Cash Flows**

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>59,351</b>	<b>10,593</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	-	-
Finance income (including fair value change in financial instruments)	84,123	28,222
Finance costs (including fair value change in financial instruments)	-	-
	-	-
<i>Working capital adjustments:</i>		
(Increase)/ decrease in inventories	-	-
(Increase)/ decrease in investments	(75,712)	(19,699)
(Increase)/ decrease in other financial assets	4,856,385	(687,685)
Increase/ (decrease) in trade payables and other financial liabilities	(16,458)	-
Increase/ (decrease) in other current liabilities	(4,800,000)	718,000
Increase/ (decrease) in provisions	-	-
	<b>107,689</b>	<b>49,431</b>
Income tax paid	23,796	21,983
<b>Net cash flows from operating activities</b>	<b>83,893</b>	<b>27,448</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	-
	-	-
Interest received (finance income)	(84,123)	(28,222)
<b>Net cash flows used in investing activities</b>	<b>(84,123)</b>	<b>(28,222)</b>
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	-	-
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	-	-
<b>Net cash flows from/ (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(230)</b>	<b>(774)</b>
Cash and cash equivalents at the beginning of the year (refer note 8)	1,012,564	1,013,338
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<b>1,012,334</b>	<b>1,012,564</b>

Note: Cash & Cash Equivalents INR 0.16 lakhs in Escrow account (31.03.2016 : INR 0.16 lakhs)

Summary of significant accounting policies

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**for Madu K Reddy Associates**

*Chartered Accountants*

ICAI Firm Registration number: 008992S

**for and on behalf of the Board of Directors of Prajay  
Retail Properties Private Limited**

**CA.Siva Kumar Reddy. T**

Partner

Membership No: 212128

**D. Vijay Sen Reddy**

Director

DIN : 00291185

**Sumit Sen**

Director

DIN: 01028417

Place: Hyderabad

Date: 29.05. 2017

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**1. General information**

Prajay Retail Properties Private Limited (the Company) is a private company domiciled & incorporated under the provisions of the Companies Act, 1956 on June'17, 1977. The Company is engaged primarily in the business of real estate construction and development of projects.

**2. Basis of preparation of financial statements**

**2.1 Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules 2015. For all periods, up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS.

Refer Note 3.14 for details of the first-time adoption exemptions availed by the Company.

**2.2 Accounting convention**

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- long term borrowings are measured at amortized cost using the effective interest rate method.

**2.3 Functional currency**

The financial statements are presented in Indian rupees, which is the functional currency of our Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

**2.4 Operating cycle**

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**Assets:**

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

***Liabilities:***

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

**3. Significant accounting policies**

**3.1 Revenue recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of taxes and applicable trade discounts and allowances.

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership;
  - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately. Service tax does not form part of gross revenue.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

***Dividend and interest income***

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**3.2 Cost of construction**

Cost of constructed properties includes cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, constructions costs and development/ construction materials, which is charged to the statement of profit and loss based on the percentage of revenue recognized, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Cost of Construction Contracts includes estimated construction costs and construction material, which is charged to the statement of profit and loss based on percentage of revenue recognized measured by survey of work performed as per accounting policy above, depending on the nature of the contract, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

Overhead expenses comprising costs other than those directly charged to the jobs are distributed over the various projects on a pro-rata basis having regard to the activity and nature of such projects.

**3.3 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**3.4 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

### **3.5 Taxation**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### **Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.6 Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**3.7 Property, plant and equipment**

*Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

*Depreciation*

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

**3.8 Inventories**

Inventories are valued as under:

- Land earmarked for property development is valued at cost. Cost includes land acquisition cost, registration charges and stamp duty.
- Constructed properties includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**3.9 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

**3.10 Employee benefits**

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

*Termination benefits*

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

*Other long-term employee benefits*

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

**3.11 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**3.12 Contingent liabilities & contingent assets**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**3.13 Financial instruments**

*Initial recognition*

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

**3.14 First-time adoption of Ind AS— mandatory exceptions, optional exemptions**

These financial statements have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company followed the guidelines prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as (the transition date) and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 5.

Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below:

**Fixed Assets:** Freehold land and buildings (properties) were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of carrying cost (cost model) on 31 March 2015. The company has elected to regard those carrying costs of property as deemed cost at the date of transition. Accordingly, the Company has not revalued the property at 1 April 2015.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**Investments in associates and subsidiaries:** The Company has elected to continue with the carrying value of its investments in subsidiary companies and associate companies as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

***Provision and contingent liability***

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

***Investment in equity instruments of subsidiary and associate companies***

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)

**5. First-time Ind AS adoption reconciliations**

**5.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

Particulars	Amounts in INR	
	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	(1,49,22,544)	(1,49,29,864)
Impact on account of measuring investments at fair value	-	-
Impact on account of preliminary expenses	-	-
Impact on deferred taxes	-	-
Equity reported under Ind AS	(1,49,22,544)	(1,49,29,864)

**5.2 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016**

	Year ended March 31, 2016
Net Profit under previous GAAP	7,320
Impact on measuring investments at fair value through OCI	-
Finance cost on account of unwinding of interest on discounted liabilities	-
Impact on deferred taxes	-
Net Profit under Ind AS	7,320

**Prajay Retail Properties Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**6 Inventories**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>01 April 2015</b>
Land at Cost	635,103	635,103	635,103
Land and construction work in progress - at cost	8,827,854	8,827,854	8,827,854
	<u>9,462,957</u>	<u>9,462,957</u>	<u>9,462,957</u>

**7 Investments**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>Current investments</b>			
<b>Investments in term deposit accounts (original maturity more than 3 months and less than 12 months)</b>			
Term deposits with State Bank of Patiala	1,044,451	968,739	949,040
<b>Total other investments</b>	<u>1,044,451</u>	<u>968,739</u>	<u>949,040</u>
<b>Category-wise investments</b>			
Investment in equity instruments	-	-	-
Investment in preference shares	-	-	-
Investment in capital of partnership firm	-	-	-
Investment in term deposit accounts with original maturity more than 3 months	1,044,451	968,739	949,040

**Prajay Retail Properties Private Limited****Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**8 Cash and bank balances**

	31 March 2017	31 March 2016	01 April 2015
Balances with banks:			
- On current accounts	648,635	648,865	649,639
Cash on hand	363,699	363,699	363,699
<b>Cash and cash equivalents</b>	<b>1,012,334</b>	<b>1,012,564</b>	<b>1,013,338</b>

**Disclosure for Specified Bank Notes**

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other notes*	Total
Closing cash in hand as on November 8, 2016	-	363,699	363,699
(-) Cash withdrawal	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	363,699	363,699

\*Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the These are general receipts and payments of other denomination notes.

**9 Other assets**

	31 March 2017	31 March 2016	01 April 2015
<b>Current assets</b>			
Prajay Engineers Syndicate Limited	77,305,987	82,162,373	81,474,687
Vijmohan Construction Private Limited	2,891,000	2,891,000	2,891,000
Other Advances *	6,500,000	6,500,000	6,500,000
	<b>86,696,987</b>	<b>91,553,373</b>	<b>90,865,687</b>

Note: \* Other advances includes advances to director INR 65,00,000

**Prajay Retail Properties Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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**Share Capital**

	31 March 2017	31 March 2016	1 April 2015
<b>Authorised Share Capital</b>			
5,000 (March 31, 2016: 5,000; April 1, 2015: 5,000) equity shares of Rs.1,000 each	5,000,000	5,000,000	5,000,000
<b>Issued equity capital</b>			
5,000 (March 31, 2016: 5,000; April 1, 2015: 5,000) equity shares of Rs.1,000 each	5,000,000	5,000,000	5,000,000
<b>Subscribed and fully paid-up</b>			
5,000 (March 31, 2016: 5,000; April 1, 2015: 5,000) equity shares of Rs.1,000 each	5,000,000	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	31 March 2017		31 March 2016	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	5,000	5,000,000	5,000	5,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,000	5,000,000	5,000	5,000,000

**(b) Details of shareholders holding more than**

Particulars	31 March 2017		31 March 2016	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Engineers Syndicate Limited	4,994	99.55	4,994	99.55

**Other equity**

	31 March 2017	31 March 2016
Retained earnings		
Opening balance	(14,922,544)	(14,929,864)
Profit/(loss) for the year	41,012	7,320
Less: Transfers to general reserve	-	-
Closing balance	<u>(14,881,532)</u>	<u>(14,922,544)</u>
<b>Total other equity</b>	<u>(14,881,532)</u>	<u>(14,922,544)</u>

**Prajay Retail Properties Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**12 Other financial liabilities**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>Current</b>			
RBD Legend Infrastructure Pvt.Ltd.	84,500,000	84,500,000	84,500,000
Legend Estates Pvt.Ltd.	1,624,500	1,624,500	1,624,500
Provision for Audit Fee	17,250	33,708	33,708
	<b>86,141,750</b>	<b>86,158,208</b>	<b>86,158,208</b>

**13 Other current liabilities**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Advance from Customers	2,518,000	7,318,000	6,600,000
Mohd.Basheer	19,500,000	19,500,000	19,500,000
	<b>22,018,000</b>	<b>26,818,000</b>	<b>26,100,000</b>

**14 Other income**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Interest income		
On fixed deposits	84,123	28,222
	<b>84,123</b>	<b>28,222</b>

**15 Other expenses**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Rates & Taxes	6,500	-
Audit Fee	18,042	16,854
Bank Charges	230	775
	<b>24,772</b>	<b>17,629</b>

## Prajay Retail Properties Private Limited.

### Notes forming part of the Financial Statements

#### 16. NOTES TO THE ACCOUNTS

16.1 Contingent liabilities not provided for – NIL.

16.2 Estimated amount of Contracts remaining to be executed on capital account – NIL.

16.3 There are no dues to Small Scale Industrial Undertakings in excess of Rs.1,00,000/- each and outstanding for more than 30 days.

16.4 Segment Information : The company has only one business segment - Real Estate Development . There are no secondary segments.

16.5 Auditor's remuneration provided for Rs.17,250.

No Managerial remuneration is paid during the year as the project is under implementation.

16.7 Related Party disclosure :

#### A : List of Related Parties :

Prajay Engineers Syndicate Limited - Holding company  
Vijmohan Constructions Private Limited - Other entity

B : Transactions with related parties :	Holding company		Other entity	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
1. Loans Received Prajay Engineers Syndicate Ltd	-	-	-	-
2. Loans Repaid Prajay Engineers Syndicate Ltd	48,44,270	-	-	-
2. Advances taken Prajay Engineers Syndicate Ltd	-	30,314	-	-
3. Advances given Prajay Engineers Syndicate Ltd Vijmohan Constructions Pvt Ltd	- -	7,18,000 -	- -	- -
4. Balances as on 31.03.2015. Loans received Advances given	- 7,73,18,103	- 8,21,62,373	- 28,91,000	- 28,91,000

**Prajay Retail Properties Private Limited.**

**Notes forming part of the Financial Statements**

16.8 The company has entered into a Development Agreement with M/s. RBD Legend Infrastructure Pvt. L

16.9 Claims against the company not acknowledged as Debts is Nil.

**Vide our Report of even Date attached**

**For Madu K.Reddy Associates.**

**For Prajay Retail Properties Private Limited.**

Chartered Accountants.

Regn.No.008992S

**CA Siva Kumar Reddy T**

**D. Vijay sen Reddy**

**Sumit Sen**

Partner

Director

Director

M.No.212128

DIN NO.00291185

DIN 01028417

Dt : 29.05.2017

Place: Hyderabad