

M. A. PARIKH & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of
Real Gem Buildtech Private Limited
Report on the Audit of Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of **Real Gem Buildtech Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (together referred to as 'the financial statements').
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- 3.1. Attention is drawn to note no. 9.1 to the audited financial statements for the year ended 31st March, 2020 as regards interest free loans aggregating to Rs. 126,86,58,943/- as on March 31, 2020, repayable on demand, granted to holding company / fellow subsidiaries / associates / companies which have incurred losses during the year and/or have negative net worth as at the year-end, but based on the reasoning's stated therein, in the opinion of the management, no provision is considered necessary for expected credit losses in respect of said loans, which are considered good and fully recoverable. However, we are unable to comment whether the reasoning's of evaluation of 'impairment provision' for expected credit losses for the said loans are in accordance with Ind AS 109 – 'Financial Instruments' and consequently, we are unable to comment on the effects, if any on the loss for the year ended March 31, 2020.
- 3.2. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements



Material uncertainty related to going concern

4. The Company has filed a Scheme of Arrangement u/s. 230 to 232 of the Companies Act, 2013 (the Act) before the Hon' National Company Law Tribunal (NCLT) whereby effective from July 1, 2018, it has proposed to transfer its all the assets and liabilities pertaining to Identified Project Undertaking, being "DB Crown" Project, on a going concern basis as Slump Sale to Kingmaker Developers Private Limited (KDPL) for a consideration of Rs. 10 lakhs. (Reference is drawn to note no. 10.1 of the audited financial statements)

Consequently, as at the Balance Sheet date, the Company does not have any Project in hand. Further, the Company has incurred cash loss during the year and has negative net-worth as at March 31, 2020. Also, the Company has principal debt repayment obligation of Rs. 2,05,00,00,000/- to Housing Development Finance Corporation Limited (HDFC Limited).

Attention is drawn to note no. 1.2 and 24 of the audited financial statements, which gives information as to the status of the Scheme and various uncertainties attached thereto as well as the management's estimates & judgments therefor and the management's assertions. This could result in significant uncertainty on its ability to meet the obligations and continue as going concern.

Our opinion is not modified in respect of this matter

Emphasis of Matter

5. Attention is drawn to the following notes of the audited financial statements for the year ended 31st March, 2020:
- (a) Note no. 7.2 as regards memorandum of understanding entered into with a party for acquiring part of the rights in leasehold land for development thereof, including advances granted / to be granted and the implications if the Company is not able to complete its obligations within the agreed timelines;
 - (b) Note no. 9.1 and 9.2 as regards the opinion framed by the management of the Company on the interest free loans, repayable on demand, granted to holding company / fellow subsidiaries / associates / related parties that the same are good and fully recoverable;
 - (c) Note no. 10.1, 10.2, 10.3 and 10.4 as regards the accounting, disclosures and financial implications for the proposed transfer of all the assets and liabilities pertaining to Identified Project Undertaking, being "DB Crown" Project, on a going concern basis as Slump Sale KPDL and to note no. 12.1 as regards adjustment of the profit / loss relating to the said Project Undertaking, being carried out by the Company in trust for KDPL;
 - (d) Note no. 21 as regards donation paid to a political party;

Our opinion is not qualified in respect of matters stated here-in-above.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern section*, there are no other key audit matters to be communicated in our report.



Other Matter

7. We draw attention to note no. 25 of the audited financial statements for the year ended 31st March, 2020 as regards COVID-19 impact, which describes that based on current indicators of future economic conditions, the Company expects to recover the carrying amount of all its assets and its estimated future cash flows. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Our opinion is not modified in respect of this matter.

Information Other than the financial statements and Auditor's Report Thereon

8. The Company's Board of Directors is responsible for the preparation of other information. The other information obtained at the date of this auditor's report is Director's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with this report are in agreement with the books of account;
 - (d) The aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report (Refer para 3.1 of our report);
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2020, from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in **Annexure B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year;
 - (h) 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 financial statements. Refer to Note No. 23 & 23.1 of the audited financial statements for the year ended 31st March, 2020.



- (ii) The Company does not have any long-term contracts including derivative contracts and hence the question of making any provision, as required under any law or accounting standards, for material foreseeable losses does not arise.
- (iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund.

For M. A. Parikh & Co.
Chartered Accountants
Firm's Registration No. 107556W

Dharti Shah
Dharti Shah
Partner
Membership No. 132710
UDIN: 20132710AAAAAK1357



Mumbai, Date: 30 JUL 2020

Real Gem Buildtech Private Limited

Annexure – A to the Independent Auditors' Report for the year ended 31st March, 2020

[Referred to in point 11 under the heading "Report on other legal and regulatory requirements" of our report of even date]

- (i) In respect of tangible fixed assets (property, plant and equipment)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified during the year by the management which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) As per information and explanations given to us and on the basis of examination of records of the company, the immovable property of the company consists of Sample Flat (a temporary structure). Sample Flat, being a temporary structure, title deeds of the same has not been registered in the name of the Company. Gross Block of the Sample Flat is Rs. 19,85,45,427/- and Net Block of the same is Rs. 99,27,272/-.
- (ii) The Company's inventories comprise of real estate units under construction, which in terms of Scheme of Arrangement filed before NCLT is to be vested with a third party upon approval thereof and accordingly, the operations are carried out from the effective date for and behest of the said third party. We are informed that the physical inspection of the units under constructions has been conducted at reasonable intervals by the management. No material discrepancies were noticed on such verification. However, due to Covid-19 situation physical inspection could not be carried out as on 31st March, 2020.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the requirements of the paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) In respect of loans granted and investment made, the provisions of section 185 and 186 of the Act have been complied with. The Company has not granted securities or provided guarantees.
- (v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder does not arise. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act for the services rendered by the Company. Therefore, the requirements of the paragraph 3(vi) of the Order are not applicable to the Company.
- (vii) In respect of statutory dues:
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it is observed that the company is not regular in depositing undisputed dues of TDS, Service Tax, Provident Fund and Profession Tax to the appropriate authorities. The arrears of outstanding VAT Payable,



Employees PF, PF/EDLI/Admin Charges Payable, Employee Profession Tax Payable, TDS on Professional Fees as at March 31, 2020 which was outstanding for more than six months from the date it became payable were as follows.

| Nature of Statutory Dues | Amount Outstanding (Rs.) | Period from which the amount are outstanding |
|--------------------------|--------------------------|--|
| Value Added Tax | 68,42,838 | Jun-17 |
| Provident fund dues | 1,33,498 | Mar-19 |
| Profession Tax dues | 400 | Mar-19 |
| Tax Deducted at Source | 2,05,399 | Aug-19 |

As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, duty of custom, duty of excise, value added tax and cess.

- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the details of disputed income tax dues not deposited are as under:

| Nature of Dues | Name of Statute | Amount of dispute | Period for which amount relates | Forum where dispute is pending |
|----------------|----------------------|-------------------|---------------------------------|--------------------------------|
| Income Tax | Income Tax Act, 1961 | 79,39,470 | FY 2012-13 (AY 2013-14) | CIT-Appeals, Mumbai |

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to financial institutions during the year. The Company has not borrowed any money from banks or debenture holders or government.
- (ix) During the year, no term loans were raised. Therefore, the requirements of the paragraph 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to information and explanations given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.
- (xi) According to the information and explanations given to us and based on the examination of the records, the Company has not paid / provided any managerial remuneration during the year. Therefore, the requirements of the paragraph 3(xi) of the Order are not applicable to the Company.
- (xii) The Company is not a Nidhi company. Therefore, the requirements of the paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any transactions, as prescribed under section 188 of the Act with the related parties. Therefore, the requirements of the paragraph 3(xiii) of the Order are not applicable to the Company.



- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the requirements of the paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the requirements of the paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the requirements of the paragraph 3(xvi) of the Order are not applicable to the Company.

For M. A. Parikh & Co.
Chartered Accountants
Firm's Registration No. 107556W

Dharti Shah

Dharti Shah
Partner

Membership No. 132710

UDIN: 20132710AAAAAK1357

Mumbai, Date: 30 JUL 2020



Real Gem Buildtech Private Limited

Annexure – B to the Independent Auditors' Report for the year ended 31st March, 2020

[Referred to in paragraph 12f under the heading "Report on other legal and regulatory requirements" of our report of even date]

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls over financial reporting of **Real Gem Buildtech Private Limited** ("the Company"), as of 31st March, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors 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 ("the Guidance Note"), 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 Act.

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") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statement. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The



procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

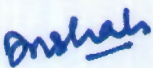
Meaning of Internal Financial Controls over Financial Reporting

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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

**For M. A. Parikh & Co.
Chartered Accountants
Firm's Registration No. 107556W**


**Dharti Shah
Partner
Membership No. 132710
UDIN: 20132710AAAAA K1357**



Mumbai, Date: 30 JUL 2020

Real Gem Buildtech Private Limited
Balance Sheet as at March 31, 2020

(Amount in Rs.)

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------|-------------------------|-------------------------|
| ASSETS | | | |
| 1 Non Current Assets | | | |
| a Property, Plant and Equipment | 3 | 1,43,37,641 | 2,10,10,262 |
| b Intangible Assets | 4 | 63,659 | 1,01,223 |
| c <u>Financial Assets</u> | | | |
| (i) Investments | 5 | 3,53,87,802 | 3,16,71,388 |
| (ii) Other Financial Assets | 6 | 29,400 | 29,400 |
| e Other Non Current Assets | 7 | 43,88,993 | 43,88,993 |
| Total Non Current Assets (A) | | 5,42,07,495 | 5,72,01,266 |
| 2 Current Assets | | | |
| a <u>Financial Assets</u> | | | |
| (i) Cash and cash equivalents | 8 | 7,32,567 | 12,50,438 |
| (ii) Loans | 9 | 1,26,86,58,943 | 1,28,82,64,904 |
| b Other Current Assets | 7 | 11,45,45,428 | 9,94,26,328 |
| c Assets pertaining to Disposal Group | 10 | 10,75,56,61,523 | 9,83,40,66,865 |
| Total Current Assets (B) | | 12,13,95,98,461 | 11,22,30,08,535 |
| Total Assets (A)+(B) | | 12,19,38,05,956 | 11,28,02,09,801 |
| EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| a Equity Share Capital | 11 | 1,00,000 | 1,00,000 |
| b Other Equity | 12 | (1,49,80,76,352) | (1,27,66,29,999) |
| Total Equity (A) | | (1,49,79,76,352) | (1,27,65,29,999) |
| 2 Non Current Liabilities | | | |
| <u>Financial liabilities</u> | | | |
| Borrowings | 13 | 2,18,50,00,000 | 2,18,68,39,532 |
| Total Non Current Liabilities (B) | | 2,18,50,00,000 | 2,18,68,39,532 |
| 3 Current Liabilities | | | |
| a <u>Financial liabilities</u> | | | |
| (i) Borrowings | 14 | 30,00,000.00 | 30,00,000 |
| (ii) Trade payables | 15 | 2,20,11,214.00 | 1,90,80,500 |
| (iii) Other Financial liabilities | 16 | 11,12,85,039.00 | 48,18,939 |
| b Liabilities pertaining to Disposal Group | 10 | 11,37,04,86,055 | 10,34,30,00,829 |
| Total Current Liabilities (C) | | 11,50,67,82,308 | 10,36,99,00,267 |
| Total Equity and Liabilities (A)+(B)+(C) | | 12,19,38,05,956 | 11,28,02,09,801 |

Significant accounting policies and notes on Financial statements 1 to 35

As per our attached report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Dharti Shah
Name : Dharti Shah
Partner
Membership No. : 132710



For and on Behalf of the Board

Rajiv Agarwal
Rajiv Agarwal
Director
(DIN-00030453)

Nabil Patel
Nabil Patel
Whole Time Director
(DIN-00298093)

Asif Balwa
Asif Balwa
CFO
(DIN-00017934)

Jignesh Shah
Jignesh Shah
Company Secretary

Place: Mumbai
Date: 30/07/2020

Real Gem Buildtech Private Limited

Statement of Profit and Loss for the Year ended March 31, 2020

(Amount in Rs.)


| Particulars | | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------|---|----------|-----------------------------------|-----------------------------------|
| I | Revenue from operations | | - | - |
| II | Other income | 17 | 4,96,025 | 6,22,701 |
| III | Total Income (I)+(II) | | 4,96,025 | 6,22,701 |
| IV | Expenses | | | |
| | Employee benefits expense | 18 | - | 36,98,743 |
| | Finance costs | 19 | 21,55,74,767 | 36,32,17,052 |
| | Depreciation and amortisation expense | 3 & 4 | 60,25,304 | 55,83,289 |
| | Other expense | 20 | 40,58,721 | 63,38,193 |
| | Total expenses (IV) | | 22,56,58,793 | 37,88,37,276 |
| V | Profit/(Loss) before tax (III)-(IV) | | (22,51,62,768) | (37,82,14,575) |
| VI | Tax expense | | | |
| | a) Current Tax | | - | - |
| | b) Deferred tax | | - | (23,44,07,395) |
| VII | Profit/ (loss) for the period from continuing operations(V)-(VI) | | (22,51,62,768) | (61,26,21,970) |
| VIII | Profit/ (loss) for the period from discontinued operations | 21 | 4,48,41,260 | (12,51,45,939) |
| IX | Tax Expense on Discontinued Operations | | - | - |
| X | Profit/(loss) from Discontinued operations (after tax) (VIII – IX) | | 4,48,41,260 | (12,51,45,939) |
| XI | Profit/(loss) for the period (VII + X) | | (18,03,21,507) | (73,77,67,909) |
| XII | Other Comprehensive Income | | | |
| A | (i) Items that will not be reclassified to Profit or Loss | | | |
| | (a) Remeasurement of the defined benefit plan | | - | - |
| | (b) Equity Instrument through Other Comprehensive Income | | 37,16,414 | 23,17,188 |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | - | - |
| B | (i) Items that will be reclassified to profit or Loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to Profit or Loss | | - | - |
| | Total Other Comprehensive Income [A (i)-(ii) + B (i)-(ii)] (VIII) | | 37,16,414 | 23,17,188 |
| XIII | Total Comprehensive Income for the period (VII)+(VIII) | | (17,66,05,093) | (73,54,50,721) |
| XIV | Earnings per equity share (Basic and Diluted) | | | |
| | From Continuing Operation | | (22,516.28) | (61,262.20) |
| | From Discontinued Operation | | 4,484.13 | (12,514.59) |
| | From Continuing and Discontinued Operations | | (18,032.15) | (73,776.79) |

Significant accounting policies and notes on Financial Statements

1 to 35


As per our attached report of even date


For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

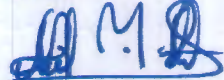

Name : Dharti Shah
Partner
Membership No. : 132710




For and on Behalf of the Board


Rajiv Agarwal
Director
(DIN - 00030453)


Asif Balwa
CFO
(DIN - 00017934)


Nabil Patel
Whole Time Director
(DIN - 00298093)


Jignesh Shah
Company Secretary


Place: Mumbai
Date: 30/07/2020

(Amount in Rs.)

| Particulars | For the Year ended March 31, 2020 | For the Year ended March 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| Cash Flow From Operating Activities: | | |
| Net Profit/(Loss) before taxation and extraordinary items | (27,00,04,027) | (37,82,14,575) |
| Net Profit/(Loss) before taxation - Discontinued Operations | 4,48,41,260 | (12,51,45,939) |
| Adjustments for: | | |
| Sundry Credit balance written off | (25) | - |
| Dividend Received | (4,96,000) | - |
| Provision for Gratuity | - | (21,72,454) |
| Depreciation and amortisation | 60,25,304 | 55,83,289 |
| Finance cost | 21,55,74,767 | - |
| Operating Income before working Capital changes | (40,58,721) | (49,99,49,680) |
| Adjustment for : | | |
| (Increase)/Decrease in Inventories | (1,50,27,48,994) | (1,40,51,04,729) |
| (Increase)/Decrease Other Financial Assets | 34,95,36,804 | 29,96,85,255 |
| (Increase)/Decrease Other Assets | 18,22,10,079 | (37,53,75,083) |
| Increase/(Decrease) Trade Receivable | (12,01,68,514) | -7,45,04,249 |
| Increase/(Decrease) Current Liabilities | 1,75,06,34,293 | 37,35,42,021 |
| (Increase)/Decrease Other Financial Liabilities | 2,38,74,734 | 4,91,33,924 |
| Increase/(Decrease) Trade Payables | (29,53,52,730) | 15,18,20,994 |
| Increase/(Decrease) Loans | 14,68,06,797 | 1,10,31,76,290 |
| Liabilities pertaining to disposal group | (0) | - |
| Asset pertaining to disposal group | 8,40,66,722 | (10,62,33,835) |
| Increase/(Decrease) Capital Work in Progress | 3,70,55,969 | (3,70,55,969) |
| Cash used in operations | 65,18,56,441 | (52,08,65,060) |
| Direct Taxes Paid | - | - |
| Net Cash Flow From/(Used in) Operating Activities | A 65,18,56,441 | (52,08,65,060) |
| Cash Flow From Investing Activities: | | |
| Fixed Asset Purchased (Including Capital Work in Progress) | (9,31,81,780) | (32,44,531) |
| Interest received on investment | - | - |
| Dividend Received | 4,96,000 | - |
| Investment in Shares | (0) | 7,78,365 |
| Net Cash Flow From/(used in) Investing Activities | B (9,26,85,780) | (24,66,166) |
| Cash Flow From Financing Activities: | | |
| Finance Cost | (10,82,44,630) | - |
| Proceed from Secured Loan (net) | (26,78,569) | (2,05,20,39,400) |
| Proceeds from Short Term Borrowing | (11,17,59,126) | (49,90,00,000) |
| Proceeds from Long Term Borrowing | (33,70,06,207) | 3,05,33,22,801 |
| Net Cash Generated from Financing Activities | C (55,96,88,531) | 50,22,83,401 |
| Net Increase in Cash and Cash Equivalents | (5,17,871) | (2,10,47,825) |
| Add: Cash and cash Equivalents (Opening) | 12,50,438 | 2,22,98,263 |
| Cash and Cash Equivalents (Closing) | 7,32,567 | 12,50,438 |
| Reconciliation of cash and cash equivalent: | | |
| Cash and bank balance (As per Note no.8) | 7,32,567 | 12,50,438 |
| Less: Fixed deposits under lien | - | - |
| Cash and Cash equivalents (Closing) | 7,32,567 | 12,50,438 |

As per our attached report of even date

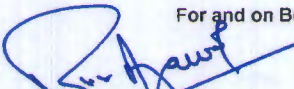

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

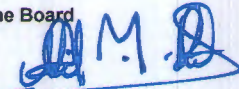
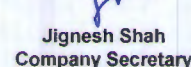

Name : Dharti Shah
Partner
Membership No. : 132710



Place: Mumbai
Date: 30/07/2020

For and on Behalf of the Board


Rajiv Agarwal
Director
(DIN-00030453)

Asif Baiwa
CFO
(DIN-00017934)


Nabil Patel
Whole Time Director
(DIN-00298093)

Jignesh Shah
Company Secretary

Real Gem Buildtech Private Limited
Statement of Changes in Equity for the year ended March 31, 2020

| A. Equity Share Capital | |
|---|--------------|
| Particulars | Amount (Rs.) |
| Balance as at March 31, 2019 | 1,00,000 |
| Changes in equity share capital during FY 2019-20 | - |
| Balance as at March 31, 2020 | 1,00,000 |

| Particulars | Equity Component of Financial Instruments | Reserves and surplus | | Items of Other Comprehensive Income | Total |
|--|---|----------------------|--|-------------------------------------|------------------|
| | | Retained Earnings | Equity Instrument through Other Comprehensive Income | | |
| Balance as at March 31, 2019 | 4,15,86,485 | (1,30,02,87,872) | (1,79,28,612) | (1,27,66,29,999) | (22,51,62,768) |
| (Loss) for the year | - | (22,51,62,768) | - | - | 37,16,414 |
| Other Comprehensive Income for the year, net of income tax | - | (22,51,62,768) | - | - | (22,14,46,354) |
| Total Comprehensive Income for the year | - | (1,52,54,50,639) | - | - | (1,49,80,76,352) |
| Balance as at March 31, 2020 | 4,15,86,485 | (1,52,54,50,639) | - | - | (1,49,80,76,352) |

As per our attached report of even date

For M. A. Parikh & Co.
Chartered Accountants

Dharti Shah
Name : Dharti Shah
Partner
Membership No. : 132710

For and on Behalf of the Board

Rajiv Agarwal
Rajiv Agarwal
Director
CDIN - 00030453

Asit Balwa
Asit Balwa
CFO
(DIN - 00017934)

M. Patel
M. Patel
Whole Time Director
CDIN - 00298093

Jignesh Shah
Jignesh Shah
Company Secretary



Place: Mumbai
Date: 30/07/2020

Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

1. Company Background

- 1.1 Real Gem Buildtech Private Limited (the "Company") is incorporated and domiciled in India. The Company is a wholly owned subsidiary of DB Realty Limited, which is listed with National Stock Exchange and Bombay Stock Exchange. The Company has its the registered office and principal place of business at DB House, Gen A.K. Vaidya Marg, Goregaon (East), Mumbai - 400063.

The Company is a real estate development company and at present, it has undertaken development and construction of residential project on the land situated at Prabhadevi, Dadar, Mumbai. In furtherance thereof the company has undertaken development of residential project in the name of "DB Crown".

- 1.2 During the year, the Company has filed a Scheme of Arrangement u/s. 230 to 232 of the Companies Act, 2013 before the Hon' National Company Law Tribunal (NCLT) whereby effective from July 1, 2018, it has proposed to transfer its all the assets and liabilities pertaining to Identified Project Undertaking, being "DB Crown" Project, on going concern basis as Slump Sale to Kingmaker Developers Private Limited (KDPL) for a consideration of Rs. 10 lakhs. (Refer Note 10.1 for details)

The above Scheme of Arrangement was filed before NCLT on 29th March, 2019 was admitted on 27th September, 2019. In terms of the directions of NCLT, the Company and KDPL were required to comply certain requirements with the stipulated time-frame, which are pending and consequently, both the parties are in the process of filing 'Miscellaneous Application" before the NCLT seeking extension of time, to comply with all the pending directives of NCLT so as to give effect to the said Scheme of Arrangement. The Company is confident that requisite approval will be accorded by NCLT.

- 1.3 The Company being a subsidiary of DB Realty Limited has become a "Public Company" with effect from 23rd September, 2009. Therefore, w.e.f. the said date, the Company has become a private company which is a subsidiary of a public company and accordingly, by virtue of provision of Section 2 (71) of the Companies Act, 2013, the Company is a public company. The Company continues to use the word "Private Limited" as permitted by law.

The Company's financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 30th July, 2020 in accordance with the provisions of the Companies Act, 2013 and are subject to the approval of the shareholders at the Annual General Meeting.

2. Significant Accounting Policies, Accounting Judgements, Estimates and Assumptions:

(A) Significant Accounting Policies:

2.1 Basis of preparation and measurement:

a) Basis of preparation -

The financial statements of the company have been prepared in accordance with the relevant provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the Guidance Notes and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements are presented in Indian Rupee ("INR"), the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency')."



b) Basis of preparation -

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy no. 2.10 regarding financial instruments). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.2 Current and non-current classification of assets and liabilities and operating cycle:

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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



All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

2.3 Property, plant and equipment:

Property, Plant and Equipment are recorded at their cost of acquisition, net of modvat/cenvat, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

2.4 Capital Work in Progress and Capital Advances:

Expenses incurred for acquisition of capital assets outstanding at each balance sheet date are disclosed under capital work-in-progress. Advances given towards the acquisition of fixed assets are shown separately as capital advances under the head Other Non-Current Assets.

2.5 Depreciation:

Depreciation on property, plant and equipment is provided on straight line method in accordance with the provisions of Schedule II to the Companies Act, 2013. The management believes that the estimated useful lives as per the provisions of Schedule II to the Companies Act, 2013, are realistic and reflect fair approximation of the period over which the assets are likely to be used, except as indicated below.

Structures constructed for purpose of demonstration to prospective buyers (i.e. sample flats and sales office) are capitalised as buildings and depreciated over the period of six years as per straight line method.

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

2.6 Intangible Assets and amortisation thereof:

The cost relating to intangible assets, with finite useful lives, which are capitalised and amortised on a straight line basis upto the period of three to five years, is based on their estimated useful life.

An item of intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Impairment of Tangible and Intangible Assets:

Carrying amount of tangible and intangible assets is reviewed at each Balance Sheet date. These are treated as impaired when the carrying cost thereof exceeds its recoverable value. Recoverable value is higher of the asset's net selling price or value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount receivable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.



2.8 Inventories:

Inventories comprise of (i) Project Work-In-Progress representing properties under construction/development and (ii) Building Materials representing inventory yet to be consumed.

In accordance with the guidance note on Accounting for Real Estate Transaction for entities to whom Ind AS is applicable) issued by ICAI, Inventories are valued at lower of cost and net realizable value. Project work in progress cost includes cost of land/ development rights, materials, services, depreciation on assets used for project purposes and other expenses (including borrowing costs) attributable to the projects. It also includes any adjustment arising due to foreseeable losses.

The Cost in relation to properties under construction/development is charged to the Statement of Profit and Loss in proportion to the revenue recognised during the period and the balance cost is carried over under Inventory as part of Project Work in Progress. Cost of Realty construction / development includes all costs directly related to the Project (including finance cost attributable to the project) and other expenditure as identified by the Management which are incurred for the purpose of executing and securing the completion of the Project (net off incidental recoveries / receipts) up to the date of receipt of Occupation Certificate of Project from the relevant authorities.

2.9 Revenue Recognition:

(i) Sale of Properties:

Revenue from sale of properties under construction is recognized when it satisfies a performance obligation by transferring a promised good or service to a customer in accordance with Ind AS 115. An entity 'transfers' a good or service to a customer when the customer obtains control of that asset. Control may be transferred either at a point in time or over time.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date".

Revenue is recognised at a point in time if it does not meet the above criteria.

(ii) Interest Income:

For all financial instruments measured at amortised cost, interest income is measured using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash flows through the contracted or expected life of the financial instrument, as appropriate, to the net carrying amount of the financial asset.

(iii) Dividend Income:

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.10 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets:

(a) Initial Recognition and Measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



(b) Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at Fair Value through Statement of Profit and Loss. (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial Assets at Amortised Cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Financial Assets at FVTOCI:

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: 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 FVTPL:

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial assets are measured at fair value through profit or loss.

Equity Instruments at FVTOCI:

For equity instruments not held for trading, an irrevocable choice is made on initial recognition to measure it at FVTOCI. All fair value changes on such investments, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale or disposal of the investment. However, on sale or disposal the company may transfer the cumulative gain or loss within equity.

(c) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

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



(d) Impairment of financial assets

The company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposures:

- Financial assets at amortised cost.
- Financial guarantee contracts.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Under this approach the company does not track changes in credit risk but recognises impairment loss allowance based on lifetime ECLs at each reporting date. For this purpose, the Company uses a provision matrix to determine the impairment loss allowance on the portfolio of trade receivables. The said matrix is based on historically observed default rates over the expected life of the trade receivables duly adjusted for forward looking estimates.

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

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

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

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. The ECL impairment loss allowance (or reversal) recognized during the period in the statement of profit and loss and the cumulative loss is reduced from the carrying amount of the asset until it meets the write off criteria, which is generally when no cash flows are expected to be realised from the asset.

(ii) Financial Liabilities:

(a) Initial Recognition and Measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

(b) Subsequent Measurement:

This is dependent upon the classification thereof as under:

Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.



(c) Derecognition:

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

(iii) Offsetting of Financial Instruments:

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

(iv) Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity in accordance with the substance of the contractual arrangements. These are recognised at the amount of the proceeds received, net of direct issue costs.

(v) Compound Financial Instruments:

These are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements.

On the date of the issue, the fair value of the liability component is estimated using the prevailing market rate for similar non-convertible instruments and recognised as a liability on an amortised cost basis using the EIR until extinguished upon conversion or on maturity. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole and recognised as equity, net of the tax effect and remains in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to another component of equity. If the conversion option remains unexercised on the maturity date, the balance recognised in equity will be transferred to retained earnings and no gain or loss is recognised in profit or loss upon conversion or expiry of the conversion option.

Transaction costs are allocated to the liability and equity component in proportion to the allocation of the gross proceeds and accounted for as discussed above.

2.10 Employee Benefits:

Short term employee benefits are those which are payable wholly within twelve months of rendering service are recognised as an expense at the undiscounted amount in Statement of Profit and Loss of the year in which the related service is rendered.

Contribution paid/ payable for the year/ period to Defined Contribution Retirement Benefit Plans is charged to Statement of Profit and Loss or Project Work in Progress, if it is directly related to a project.

Liabilities towards Defined Benefit Schemes viz. Gratuity benefits and other long term benefit viz. compensated absences are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding effect in the SOCI. Past service cost is recognised immediately in the Statement of Profit or Loss.



2.11 Leases:

The Company has adopted Ind AS 116 effective from April 1, 2019 using modified retrospective approach. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended March 31, 2020. As per the modified retrospective approach, the Company is not required to restate comparative information, instead, the cumulative effect of initially applying this standard can be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a defined period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

As a lessee

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option;

The lease liability is measured at amortised cost using the effective interest method. The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2.12 Foreign Currency Transactions:

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.



Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to Statement of Profit & Loss in the year in which they are incurred.

2.14 Taxes on Income:

(i) Current Income Taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Taxes:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

2.15 Provisions and Contingent Liabilities:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

When the Company expects some or all of a provision to be reimbursed, the same is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of enterprise or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes.

2.16 Non-current assets (or disposal groups) held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal Company) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.17 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.18 Cash and Cash Equivalent:

Cash and cash equivalent for the purpose of Cash Flow Statement comprise cash at bank and in hand and short term highly liquid investments which are subject to insignificant risk of changes in value.

2.19 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



2.20 Commitments:

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

- (a) The estimated amount of contracts remaining to be executed on capital accounts and not provided for; and
- (b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Real Estate Development".

(B) Significant Accounting Judgements, Estimates and Assumptions:

The preparation of Financial Statements is in conformity with the recognition and measurement principles of Ind AS which requires the management to make judgements for estimates and assumptions that affect the amounts of assets, liabilities and the disclosure of contingent liabilities on the reporting date and the amounts of revenues and expenses during the reporting period and the disclosure of contingent liabilities. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

Judgements:

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

- a) Approval will be accorded by NCLT to the Scheme of Arrangement
- b) Assessment of the status of various legal claims and other disputes where the Company does not expect any material outflow of resources and hence these are reflected as contingent liabilities;
- c) In several cases, assessment of the management regarding executability of the projects undertaken; and
- d) Assessment of the recoverability of various financial assets.

Estimates and Assumptions:

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

Impairment of Financial Assets

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



3 Property Plant and Equipments

(Amount in Rs.)

| Particulars | Sample flat | Plant & Machinery | Office equipment | Furniture | Computers and Related Equipments | Vehicles | Total |
|--|----------------|-------------------|------------------|-----------------|----------------------------------|--------------------|--------------------|
| Gross Block: | | | | | | | |
| (At Cost or deemed cost) | | | | | | | |
| Balance at April 1, 2019 | 19,85,45,427 | 6,97,57,084 | 20,68,671 | 2,70,000 | 60,67,121 | 3,84,36,728 | 31,51,45,031 |
| Additions | - | 9,21,77,122 | 3,56,798 | 11,000 | 13,21,741 | - | 9,38,66,661 |
| Disposals | - | - | - | - | (9,13,350) | - | (9,13,350) |
| Less : Assets pertaining to Disposal Group | (19,85,45,427) | (16,19,34,206) | (8,99,151) | (11,000) | (31,10,570) | - | (36,45,00,354) |
| Balance at Mar 31, 2020 | - | - | 15,26,318 | 2,70,000 | 33,64,942 | 3,84,36,728 | 4,35,97,989 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Balance at April 1, 2019 | 18,86,18,155 | 4,86,10,263 | 13,58,767 | 66,760 | 36,69,243 | 2,07,37,488 | 26,30,60,677 |
| Depreciation Charge | - | 2,91,69,958 | 2,24,794 | 26,354 | 11,71,814 | 45,64,778 | 3,51,57,699 |
| Less : Depreciation on sale of Fixed Assets | - | - | - | - | (7,27,862) | - | (7,27,862) |
| Less : Accumulated Depreciation on Assets pertaining to Disposal Group | (18,86,18,155) | (7,77,80,221) | (1,86,723) | (704) | (16,44,362) | - | (26,82,30,166) |
| Balance at Mar 31, 2020 | - | - | 13,96,838 | 92,410 | 24,68,833 | 2,53,02,266 | 2,92,60,347 |
| Net Block: | | | | | | | |
| Balance as at March, 2019 | - | - | 7,09,904 | 2,03,240 | 23,97,878 | 1,76,99,240 | 2,10,10,262 |
| Net Block pertaining to Disposal Group March 2019 | 99,27,272 | 2,11,46,821 | - | - | - | - | 3,10,74,092 |
| Balance at Mar 31, 2020 | - | - | 1,29,480 | 1,77,590 | 8,96,109 | 1,31,34,462 | 1,43,37,641 |
| Net Block pertaining to Disposal Group March 2020 | 99,27,272 | 8,41,53,985 | 7,12,428 | 10,296 | 14,66,208 | - | 9,62,70,188 |



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

4 Intangible Assets

Carrying amounts of : (Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------|----------------------|----------------------|
| Software | 63,659 | 1,01,223 |
| Total | 63,659 | 1,01,223 |

(Amount in Rs.)

| Particulars | Computer Software | Total |
|--|-------------------|-----------------|
| Cost or deemed cost | | |
| Balance at April 1, 2019 | 2,29,143 | 2,29,143 |
| Additions | - | - |
| Disposals | - | - |
| Balance at March 31, 2020 | 2,29,143 | 2,29,143 |
| Accumulated Amortisation and Impairment | | |
| Balance at April 1, 2019 | 1,27,920 | 1,27,920 |
| Amortisation | 37,564 | 37,564 |
| Balance at March 31, 2020 | 1,65,484 | 1,65,484 |
| Carrying Amount: | | |
| Balance at March 31, 2019 | 1,01,223 | 1,01,223 |
| Balance at March 31, 2020 | 63,659 | 63,659 |



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

5 Investments

(Amount in Rs.)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Quantity | Amount | Quantity | Amount |
| Non-Current (Non-Trade) (Unquoted) Investment in Equity Instruments at FVTOCI | | | | |
| Saraf Chemicals Private Ltd. (Face Value Rs.10/- each) | 3,10,000 | 3,53,87,802 | 3,10,000 | 3,16,71,388 |
| Total | 3,10,000 | 3,53,87,802 | 3,10,000 | 3,16,71,388 |



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

6 Other Financial Assets

| Particulars | (Amount in Rs.) | |
|--|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Non-current (Unsecured, considered good) | | |
| Security Deposits -to Others | 29,400 | 29,400 |
| Total | 29,400 | 29,400 |

7 Other Assets

| Particulars | (Amount in Rs.) | |
|---|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Non-Current (Unsecured, Considered Good) | | |
| Tax Deducted at source | 43,88,993 | 43,88,993 |
| Sub- Total (a) | 43,88,993 | 43,88,993 |
| Current | | |
| Security Deposit given for aggregation of land (Refer Note no. 7.1) | - | 2,90,00,000 |
| Advance for purchase of leasehold rights (Refer Note no. 7.2) | 11,15,00,000 | 7,00,00,000 |
| Prepaid Expenses | 7,19,160 | 4,26,328 |
| Trade Advance -Related Party | 23,26,268 | - |
| Sub- Total (b) | 11,45,45,428 | 9,94,26,328 |
| Total (a)+ (b) | 11,89,34,421 | 10,38,15,321 |

7.1 Security Deposit given for aggregation of land represented interest free refundable cum adjustable deposit placed for acquisition of development rights of land. During the year, the Company has received the entire amount of Rs.2,90,00,000/- as the transaction did not materialise.

7.2 During the year ended March 31, 2019, the Company had entered into an MoU for purchase of 50% of Leasehold Rights in a lease hold land situated at Village Mire, Taluka Thane and granted advance of Rs.7,00,00,000/-. As per the terms of the said MoU, the Company was required to fulfil certain obligation including but not limited to obtaining consent from slum dwellers to vacate the said land who are presently occupying the said land, obtain consent of lessor for grant of development right / partial assignment of leasehold rights etc.

Further, as per the terms of the said agreement, if the Company failed to fulfil the above obligations within 18 months from the date of the agreement, the deposit amount shall be forfeited by the party.

During the year, the Company has entered into revised MoU with the said party whereby the Company has been granted further extension of 18 months to fulfil its obligations. Also, the aggregate Interest Free Security Deposit payable by the Company is Rs.25,00,00,000/-. Out of the same, upto the year ended March 31, 2020, the Company has paid Rs.11,15,00,000/-.

The management is confident that the Company will be able to fulfil the said obligations within the revised timeline and hence the security deposit is considered good for recovery.



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements
8 Cash and cash equivalents

| Particulars | (Amount in Rs.) | |
|---------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Cash in Hand | 4,792 | 23,968 |
| Balance with Banks in current account | 7,27,775 | 12,26,470 |
| Total | 7,32,567 | 12,50,438 |

9 Loans

| Particulars | (Amount in Rs.) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Current (Unsecured, considered good) | | |
| Loans (repayable on demand) (Refer Note no. 9.1) | | |
| - Holding Company | 68,38,58,380 | 69,50,93,899 |
| - Fellow subsidiaries / associates | 6,94,80,600 | 6,94,80,600 |
| - Companies (related parties) (Refer Note no. 9.2) | 51,53,19,963 | 52,33,49,963 |
| Others | | |
| Loan to Others | - | 3,40,442 |
| Total | 1,26,86,58,943 | 1,28,82,64,904 |

9.1 The entities to whom loans have been granted, have incurred losses during the year and/or have negative net worth as at the year end, but the underlying projects in such entities are in the early stages of real estate development and are expected to achieve adequate profitability on substantial completion and/or the expected profitability from ongoing operations and/or have current market values of certain properties which are in excess of the carrying values. Accordingly, in the opinion of the management, no provision is considered necessary for expected credit losses in respect of loans given to such entities, which are considered good and fully recoverable.

9.2 Y J Realty and Aviation Private Limited - Rs. 51,53,12,812/-

The holding company which holds investments in equity and preference shares of a related party, has valued the said investments through FVTPL/ FVTOCI. Accordingly, it proposes to provide for fair value loss of Rs. 7,98,57,79,635/- as up to 31st March, 2020, whereby the investments would be carried at Rs. 7,07,42,11,107/- as on the said date. In determining the fair value, the holding company has concluded that the said related party will be able to settle all its liabilities, which include loan granted by Y J Realty and Aviation Private Limited. The said loan amount granted is considered good for recovery though it has incurred losses and has negative net worth on account of value of underlying asset as well as the expected recovery of loan granted by it to Marine Drive, the outstanding balance whereof as on 31st March, 2020 is Rs. 269,19,80,508/-.



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

10 Assets and Liabilities pertaining to Disposal Group

10.1 During the year ended March 31, 2019, the Company has filed a Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 before the Honourable National Company Law Tribunal (NCLT) whereby effective from July 1, 2018, it has proposed to transfer its all the assets and liabilities pertaining to Identified Project Undertaking, being "DB Crown" Project, on going concern basis as Slump Sale to Kingmaker Developers Private Limited (KDPL) for a consideration of Rs. 10 lakh. Further, as per the said Scheme of Arrangement, upon achieving certain milestones to be agreed upon, the Company shall be entitled to receive Contingent Consideration from the sale proceeds of the Project Undertaking.

Accordingly, upon approval of the said Scheme by the Honourable NCLT, all the assets and liabilities including all the licenses, certificates, permissions, approvals or consents etc. pertaining to the Project Undertaking shall be deemed to transferred to and vested in KDPL w.e.f. July 1, 2018. Further, as per the said Scheme, w.e.f. July 1, 2018 to the date of approval of Scheme by Honourable NCLT, the Company shall carry on business activities pertaining to Project Undertaking for and on account of and in trust of KDPL and as per directions and requirements of KDPL.

The details of assets and liabilities that would vest with KDPL upon the approval is accorde by NCLT are as under

Asset pertaining to Disposal Group

| Particulars | (Amount in Rs.) |
|-------------------------------|-----------------------|
| Trade Receivable | 28,52,07,101 |
| Other Finanacial Assets | 52,23,13,793 |
| Other Assets | 65,29,06,175 |
| Inventories | 5,79,43,19,734 |
| Property Plant and Equipments | 4,99,98,448 |
| TOTAL | 7,30,47,45,251 |

Liabilites pertaining to Disposal Group

| Particulars | (Amount in Rs.) |
|-----------------------------|------------------------|
| Trade Payables | 4,32,66,543 |
| Other Financial liabilities | 35,40,71,128 |
| Other Liabilities | 6,56,20,26,602 |
| Long-Term Borrowings | 4,19,80,22,002 |
| TOTAL | 11,15,73,86,275 |

The impact of disposal of the Project Undertaking on a Slump Sale basis will be made in the year in which the approval is accorded to the Scheme by NCLT, including the gains, contingent gains and the income-tax thereon

Further, in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" the said assets and liabilities are classified as "Assets/Liabilities pertaining to Disposal Group" in the Balance Sheet of the Company and all the Income and Expenditure pertaining to the Project Undertaking are also presented as "Profit/(Loss) from Discontinued Operations" in the Statement of Profit and Loss of the Company. The details are stated in note no. 10.2 and 10.3



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

10.2 Assets pertaining to Disposal Group

| Particulars | (Amount in Rs.) | |
|---|------------------------|-----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Trade Receivable | 44,04,80,164 | 32,03,11,650 |
| Other Financial Assets | 30,78,200 | 35,26,15,004 |
| Other Assets | 75,75,91,475 | 95,49,20,654 |
| Inventories | 8,81,44,98,128 | 7,31,17,49,135 |
| Cash and cash equivalent | 9,06,68,168 | 10,12,23,701 |
| Bank Balance other than Cash and Cash Equivalents | 50,10,770 | 50,10,134 |
| Loans | 46,77,59,751 | 59,49,60,587 |
| Capital Work in Progress | - | 3,70,55,969 |
| Property Plant and Equipments | 9,62,70,188 | 3,10,74,092 |
| Profit/ (loss) for the period from discontinued operations (Refer note 12.1) | 8,03,04,679 | 12,51,45,939 |
| TOTAL | 10,75,56,61,523 | 9,83,40,66,865 |

10.3 Liabilities pertaining to Disposal Group

| Particulars | (Amount in Rs.) | |
|---|------------------------|------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Short-term Borrowings | 1,06,00,900 | 12,23,60,025 |
| Trade Payables | 15,79,51,200 | 45,62,34,669 |
| Other Financial liabilities | 17,88,84,028 | 15,49,84,293 |
| Other Liabilities (Refer note no. 10.4) | 8,30,67,33,333 | 6,55,60,99,041 |
| Long-Term Borrowings | 2,71,63,16,594 | 3,05,33,22,801 |
| TOTAL | 11,37,04,86,055 | 10,34,30,00,829 |

- 10.4** The Company intems of the agreements entered with the customers for sale of units, the terms whereof do not satisfy the performance obligations over time therefore, the amounts received are carried forward as sales consideration pending recognition (forms part of other liabilities) and the cost attributable to these agreements are carried forward as project work in progress. Further in the opinion of the Company, having regard to the provisions of the Income Tax Act, 1961, it follows completed contract method for recognising the revenue from the project and the profits therefrom. Hence no provision for current tax is required attributable to the said discontinued operations. These opinions framed by the Company do not have any impact on its state of affairs, as the business operations of the disposal undertaking are carried out for and behest of KDPL.



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

11 Share Capital

11.1 Details of Authorized, Issued, Subscribed and Paid up Share Capital

| Particulars | (Amount in Rs.) | |
|---|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Authorized Capital | | |
| Equity Shares of Rs.10/- each | 50,00,000 | 50,00,000 |
| 0.1% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each | 13,50,00,000 | 13,50,00,000 |
| Total | 14,00,00,000 | 14,00,00,000 |
| Issued, Subscribed and Paid up Equity Share Capital | | |
| Equity Shares of Rs.10/- each fully paid | 1,00,000 | 1,00,000 |
| Total | 1,00,000 | 1,00,000 |

All of the above equity shares carry equal voting rights and there are no restrictions/preferences attached to any of the above share.

11.2 Reconciliation of the outstanding number of equity shares

| Particulars | Equity Shares | | Equity Shares As at March 31, 2019 Amount in Rs. |
|---|--------------------------------|---------------|--|
| | As at March 31, 2020 Number | Amount in Rs. | |
| Shares outstanding at the beginning of the year | 10,000 | 1,00,000 | 1,00,000 |
| Addition: Shares Issued during the year | - | - | - |
| Less: Shares bought back during the year | - | - | - |
| Shares outstanding at the end of the year | 10,000 | 1,00,000 | 1,00,000 |

11.3 Details of number of equity shares held by the Holding Company

10,000 Equity Shares (Previous year 10,000) are held by D B Realty Limited (and its nominees), the holding company.

11.4 The details of share holders holding more than 5% equity Shares

| Name of Shareholder | As at March 31, 2020 | | As at March 31, 2019 | |
|-------------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| D B Realty Limited and its nominees | 10,000 Equity Shares | 100% | 10,000 Equity Shares | 100% |



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

12 Other Equity

Other equity consist of following:

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a. Equity Component of Compound Financial Instruments | | |
| (i) Investments | 4,15,86,485 | 4,15,86,485 |
| Add: Additions during the year | - | - |
| Sub-Total (a) | 4,15,86,485 | 4,15,86,485 |
| b. (Deficit) in Statement of Profit and Loss | | |
| Opening balance | (1,31,82,16,484) | (70,79,11,702) |
| Add: (Loss) for the year | (17,66,05,093) | (73,54,50,721) |
| Less: Transferred to Assets pertaining to Disposal Group (Refer the Note 12.1 below) | (4,48,41,260) | 12,51,45,939 |
| | (1,53,96,62,837) | (1,31,82,16,484) |
| Total (a)+(b) | (1,49,80,76,352) | (1,27,66,29,999) |

- 12.1 As per the Scheme of Arrangement ("the Scheme") entered into between the Company and KDPL, the Company conducts the business in fiduciary capacity on behalf of KDPL and accordingly, the profit/loss pertaining to Discontinued Operations also belongs to KDPL. Therefore, Profit/Loss from Discontinued Operations is being reduced from Retained Earnings of the Company and adjusted to assets pertaining to Disposal Group.

However, in the Financial Statements for the year ended on March 31, 2019, the above adjustment of transferring Loss of Discontinued Operation was not done and it was included in Retained Earnings of the Company. Accordingly, as per Ind AS -8 "Accounting Policies, Changes in Accounting Estimates and Errors", Loss from Discontinued Operations for the Previous Year is removed from Retained Earnings of that year and transferred to Assets Pertaining to Disposal Group.

Prior period Financials are adjusted to that extent.

13 Long-Term Borrowings

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Secured Loan | | |
| Term Loan | | |
| -From Financial Institution - HDFC Limited | | |
| Tranche 1 | 3,26,63,16,594 | 3,60,33,22,801 |
| Less : Pertaining to Disposal Group | (2,71,63,16,594) | (3,05,33,22,801) |
| Loan is Secured by: | | |
| 1. Exclusive mortgage overall the right, title, interest, claims, benefits and' entitlements whatsoever in the unsold flats / units / Saleable Area being constructed (including car parking area, future FSI and other entitlements in connection therewith) and coming to the share of the Borrower / Mortgagor-1 under the said Agreements (including without limitation, any other deed, document, agreement or instrument in relation thereto) and in the project called "Rustomjee Crown" (construction both present and future) on freehold and leasehold land admeasuring 24,809.76 sq. metres situate at Gokhale Road (South), Dadar, Mumbai - 400 025 and bearing Final Plot No. 1043 of TPS IV, Mahim Division bearing C.S. no. 1123,with construction thereon present and future. | | |
| 2. Exclusive charge I security interest over the receivables / book debts / cash flows / revenues / rentals (including booking amounts), Escrow Account / Designated Account (or other accounts), insurance proceeds. Obligor Contracts etc. pertaining to the aforesaid property/ies in favor of HDFC in such form and manner as may be required by the Lender. | | |
| 3. Personal guarantee of Mr. Vinod Goenka, Director of Holding Company | | |
| 4. Corporate guarantee of D B Realty Limited, Holding Company | | |
| 5. Pledge of 2.60 crore shares in D B Realty Limited, Holding Company held by Neel kamal Tower Construction LLP (out of the above 2.60 crore shares, pledge has been created of 40 lakhs shares only.) | | |



(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------|-----------------------|
| 6. Additional security of cash flows from project other than 'DB Crown' Project (The said security is yet to be executed.) | | |
| 7. Any/ or other security of similar/ higher value acceptable to HDFC Ltd (The said security is yet to be executed.) | | |
| <p><u>Repayment Schedule (Revised):</u> As per the letter dated September 30, 2019 the repayment dates of the loan has been extended for a period of 48 months and the company will repay 10% of all sales receipts towards principal repayment from the 1st month from the date of the first disbursement at HDFC's option, this percentage receivable is subject formula for such percentage calculation. However, the company will ensure that the maximum principal outstanding from the date of the first disbursement of the loan does not exceed as per the schedule below.</p> <p>At the end of April 2023 : Rs. 288.19 Crore At the end of May 2023 : Rs. 240.00 Crore At the end of June 2023 : Rs. 180.00 Crore At the end of July 2023 : Rs. 120.00 Crore At the end of August 2023 : Rs. 60.00 Crore At the end of September 2023 : Rs. Nil or earlier at HDFC's option</p> | | |
| Tranche 2 | 1,50,00,00,000 | 1,50,00,00,000 |
| Loan is Secured by: | | |
| 1. Exclusive mortgage overall the right, title, interest, claims, benefits and' entitlements whatsoever in the unsold flats / units / Saleable Area being constructed (including car parking area, future FSI and other entitlements in connection therewith) and coming to the share of the Borrower / Mortgagor-1 under the said Agreements (including without limitation, any other deed, document, agreement or instrument in relation thereto) and in the project called "D B Crown"(construction both present and future) on freehold and leasehold land admeasuring 24,809.76 sq. meters situate at Gokhale Road (South), Dadar, Mumbai - 400 025 and bearing Final Plot No. 1043 of TPS IV, Mahim Division bearing C.S. no. 1123, with construction thereon present and future. | | |
| 2. Exclusive charge I security interest over the receivables / book debts / cash flows / revenues / rentals (including booking amounts), Escrow Account / Designated Account (or other accounts), insurance proceeds, Obligor Contracts etc. pertaining to the aforesaid property/ies in favour of HDFC in such form and manner as may be required by the Lender. | | |
| 3. Personal guarantee of Mr. Vinod Goenka, Director of Holding Company | | |
| 4. Corporate guarantee of D B Realty Limited, Holding Company | | |
| 5. Pledge of 2.60 crore shares in D B Realty Limited, Holding Company held by Neel kamal Tower Construction LLP (out of the above 2.60 crore shares, pledge has been created of 40 lakhs shares only.) | | |
| 6. Additional security of cash flows from project other than 'DB Crown' Project (The said security is yet to be executed.) | | |
| 7. Any/ or other security of similar/ higher value acceptable to HDFC Ltd (The said security is yet to be executed.) | | |
| <p><u>Repayment Schedule :</u> As per the letter dated September 30, 2019 the repayment dates of the loan has been extended for a period of 48 months and the company will repay a certain % of all sales receipts towards principal repayment from the 1st month from the date of the first disbursement (at HDFC's option, (this percentage receivable is subject formula for such percentage calculation). However, the company will ensure that the maximum principal outstanding from the date of the first disbursement of the loan does not exceed as per the schedule below.</p> <p>At the end of February 2024 : Rs. 150.00 Crore At the end of March 2024 : Rs. NIL or earlier at HDFC's option</p> | | |
| Sub-Total (a) | 2,05,00,00,000 | 2,05,00,00,000 |



(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Vehicle Loans | | |
| 1) Oriental Bank of Commerce | | |
| Total Outstanding | 7,32,211 | 22,09,268 |
| Less: Current Maturity of Term Loan | (7,32,211) | (18,77,518) |
| Secured against Hypothecation respective vehicle and personal guarantee of: - Mr. Salim Balwa; Mr. Rajiv Agarwal and Mr. Jayvardhan Goenka (Directors of the company) | | |
| <u>Repayment Schedule</u> Repayable in 84 equal monthly instalments of Rs.171,442/- each <u>Rate of Interest</u> : The above loan carries floating interest rate linked to Base rate Plus 50 bps | | |
| Sub-Total (b) | - | 3,31,750 |
| 2) Kotak Mahindra Prime Limited | | |
| Total Outstanding | 6,43,179 | 12,53,124 |
| Less: Current Maturity of Term Loan | (6,43,179) | (8,30,337) |
| Secured against Hypothecation respective vehicle | | |
| <u>Repayment Schedule</u> Repayable in 59 equal monthly instalments of Rs.77,110/- each <u>Rate of Interest</u> : 9.50% p.a. | | |
| <u>Details of Continuing Default as at March 31, 2020</u> Principal Amount : Rs. 2,15,165/- Interest Amount : Rs. 16,165/- | | |
| Sub-Total (c) | - | 4,22,787 |
| 3) Oriental Bank of Commerce | | |
| Total Outstanding | 13,15,596 | 19,07,162 |
| Less: Current Maturity of Term Loan | (13,15,596) | (8,22,167) |
| Secured against Hypothecation respective vehicle | | |
| <u>Repayment Schedule</u> Repayable in 60 equal monthly instalments of Rs.80,929/- each <u>Rate of Interest</u> : 10.10% p.a. | | |
| Sub-Total (d) | - | 10,84,995 |
| Loan From Holding Company (Liability Component of Redeemable Preference Shares) | | |
| Total Outstanding | 13,50,00,000 | 13,50,00,000 |
| 1,35,00,000 0.1% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each fully paid held by holding company. | | |
| The Company may redeem the RCPS any time on or after expiry of 3 years from the date of allotment i.e. 1,500,000 shares on August 1, 2011 and 12,000,000 shares on September 6, 2011 to a maximum up to 20 years in not more than five lots. The RCPS shall carry cumulative preferential dividend @ 0.1% p.a. | | |
| Total Amount of dividend in arrears is as follows: | | |
| Year Ended on | Amount (Rs.) | |
| As at 31-03-2020 | 11,58,197 | |
| As at 31-03-2019 | 10,23,197 | |
| As at 31-03-2018 | 8,88,197 | |
| As at 31-03-2017 | 7,53,197 | |
| As at 31-03-2016 | 6,18,197 | |
| As at 31-03-2015 | 4,83,197 | |
| Sub-Total (e) | 13,50,00,000 | 13,50,00,000 |
| Total (a)+(b)+(c)+(d)+(e) | 2,18,50,00,000 | 2,18,68,39,532 |



Real Gem Buildtech Private Limited
Notes Forming Part of Financial Statements

14 Short-term Borrowings

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Inter Corporate Deposit (Unsecured, Repayable on demand, Interest Free) From a Related Party | 30,00,000 | 30,00,000 |
| Total | 30,00,000 | 30,00,000 |

15 Trade Payables

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Micro and Small Enterprises (Refer Note 15.1) | 20,12,860 | 11,36,710 |
| Others | 1,68,24,839 | 1,69,97,653 |
| Others -Related Parties | 31,73,515 | 9,46,137 |
| Total | 2,20,11,214 | 1,90,80,500 |

15.1 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Principal Amount outstanding to suppliers under MSMED Act,2006 beyond the appointed date | 20,12,860 | 11,36,710 |
| Interest accrued on the amount due to suppliers under MSMED Act on the above amount (accounted on payment basis) | - | - |
| Payment made to suppliers (other than Interest) beyond the appointed date during the year. | - | - |
| Interest paid to suppliers under MSMED Act (other than section 16) | - | - |
| Interest paid to suppliers under MSMED Act (section 16) | - | - |
| Interest due and payable to suppliers under MSMED Act for payments already made. | - | - |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act. | - | - |
| Total | 20,12,860 | 11,36,710 |

Note: The above information is compiled by the company on the basis of the information made available by vendors and the same has been relied upon by the Statutory Auditors.

16 Other Financial liabilities

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Current | | |
| Current Maturities of Long Term Debts | 26,90,985 | 35,30,022 |
| Interest accrued and due on Borrowings | 10,73,30,137 | - |
| Staff Dues payable | 12,63,917 | 12,88,917 |
| Total | 11,12,85,039 | 48,18,939 |



17 Other Income

| Particulars | (Amount in Rs.) | |
|---|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Dividend | | |
| - On Equity Instrument designated as FVTOCI | 4,96,000 | - |
| - On Equity Instrument designated as FVTPL | - | 1,798 |
| (i) Investments | | |
| - On Financial Assets at amortised cost | - | 4,36,692 |
| Misc Income | - | 49,500 |
| Sundry Credit balance written off | 25 | 1,34,712 |
| Total | 4,96,025 | 6,22,701 |

18 Employee benefit expenses

| Particulars | (Amount in Rs.) | |
|--|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Salaries, Wages and Bonus | - | 35,11,651 |
| Contribution to Provident Fund and Other Funds | - | 1,19,865 |
| Staff Welfare and other amenities | - | 42,213 |
| Gratuity and Leave encashment | - | 25,014 |
| Total | - | 36,98,743 |

19 Finance Charges

| Particulars | (Amount in Rs.) | |
|---|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Interest Expenses as per Effective Interest Rate method on financial liabilities at amortised cost. | 21,55,74,767 | 36,32,17,052 |
| Total | 21,55,74,767 | 36,32,17,052 |

20 Other expenses

| Particulars | (Amount in Rs.) | |
|--|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Payment to Auditors | 9,01,730 | 10,73,100 |
| Bank Charge | 9,078 | 10,643 |
| Company Profession Tax | - | 2,500 |
| Travelling and Conveyance Expenses | 5,20,665 | 6,09,049 |
| Miscellaneous Office Expenses | 1,19,140 | 5,40,952 |
| Interest on delayed payments of Statutory dues | 1,05,874 | 13,797 |
| Telephone Expenses | - | 10,020 |
| Printing and Stationery | 2,235 | 41,068 |
| Legal and Professional Fees | 24,00,000 | 40,32,373 |
| Sales Promotions and Publicity | - | 4,691 |
| Total | 40,58,721 | 63,38,193 |



(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------|----------------------|----------------------|
| Audit Fees | 5,50,000 | 6,87,500 |
| Other Capacity | 3,34,480 | 4,58,000 |
| Tax Audition Fees | - | 40,000 |
| Reimbursement of Expenses | 17,250 | 25,100 |
| Total | 9,01,730 | 12,10,600 |

21 Profit / (Loss) from Discontinued Operations (Refer Note No. 10.1)

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|-----------------------|
| Income: | | |
| Exchange Gain | 2,56,414 | 15,66,238 |
| Interest Received from Cutomers | 36,74,558 | 1,82,370 |
| Interest Received from Bank | 5,94,998 | 5,27,773 |
| Sale of Scrap | - | 16,26,241 |
| <u>Interest Income (effective interest rate method)</u> | | |
| - On Financial Assets at amortised cost | 15,87,39,278 | - |
| Income from Discontinued Operation (a) | 16,32,65,248 | 39,02,622 |
| Telephone Expenses | 3,167 | 3,785 |
| Travelling and Conveyance Expenses | 1,73,633 | 3,67,038 |
| Printing and Stationery | 2,11,848 | 2,48,276 |
| General Expenses (*) | 6,05,87,505 | 37,46,757 |
| Bank Charge | 47,26,027 | 6,05,684 |
| Sales Promotions and Publicity | 5,25,36,321 | 12,40,77,022 |
| Loss on Sale of Fixed Assets | 1,85,488 | |
| Expenses from Discontinued Operation (b) | 11,84,23,988 | 12,90,48,562 |
| (Loss) from Discontinued Operation (a)-(b) | 4,48,41,260 | (12,51,45,939) |

(*) Include donation of Rs. 5,00,00,000/- to a political party.

22 Earnings per Share

As per Ind AS 33 "Earning Per Share", the company's EPS is as under:

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Net Profit/(Loss) from continuing operation (a) | (22,51,62,768) | (61,26,21,970) |
| Net Profit/(Loss) from discontinuing operation (b) | 4,48,41,260 | (12,51,45,939) |
| Total net profit/(loss) from continuing and discontinuing operation (c)=(a)+(b) | (18,03,21,507) | (73,77,67,910) |
| Weighted average number of equity shares outstanding (d) | 10,000 | 10,000 |
| Basic and Diluted EPS from continuing operations (e)=(a)/(d) | (22,516) | (61,262) |
| Basic and Diluted EPS from discontinuing operations (f)=(b)/(d) | 4,484 | (12,515) |
| Total Basic and Diluted EPS from continuing and discontinuing operations (g)=(c)/(d) | (18,032) | (73,777) |
| Face Value per Share | 10.00 | 10.00 |



23. (a) **Contingent Liabilities, Contingent Assets and Capital Commitment:**

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| <u>Pertaining to Disposal Group:</u> | | |
| A. Claim against the company not acknowledged as debt (Refer Note 23.3 below): | 38,56,500 | 33,07,500 |
| <u>Not Pertaining to Disposal Group:</u> | | |
| B. Income Tax Demand for AY 2013-14 pending at first appellate level | 79,39,470 | 79,39,470 |
| C. Arrears of Dividend payable to Preference Shareholder | 11,58,197 | 10,23,197 |

(b) **Contingent Assets:**

As per the Scheme of the Arrangement entered into by the Company with Kingmaker Developers Private Limited ("KDPL"), upon achieving certain, to be agreed upon milestones, the Company shall be entitled to receive Contingent Consideration from the sale proceeds of the Project Undertaking. As the said milestones and consideration are yet to be determined, the Company has not recognised the said consideration in its Financial Statements and has been disclosed as Contingent Assets.

(c) **Other Commitment:**

(Amount in Rs.)

| Particulars | As at March 31, 2020 |
|--|----------------------|
| Total Security Deposit payable as per Note 7.2 | 25,00,00,000 |
| Less: Security Deposit paid till date | (11,15,00,000) |
| Other Commitment | 13,85,00,000 |

23.1 The Company is party to various legal proceedings in its normal course of business and does not expect any outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows. Hence, the same are reflected in contingent liabilities.

24. **Going Concern:**

As explained in note No. 1 and 10.1, during the year ended March 31, 2019, pursuant to a Scheme of Arrangement, the Company had transferred all of its assets and liabilities pertaining to Project Undertaking to KDPL. Consequently, as at the Balance Sheet date, the Company does not have any Project in hand. Further, the Company has incurred cash loss during the year and has negative net-worth as at March 31, 2020. Also, the Company has principal debt repayment obligation of Rs. 2,05,00,00,000/- to Housing Development Finance Corporation Limited (HDFC Limited). This could result in significant uncertainty on its ability to meet the obligations and continue as going concern.

However, as per the said Scheme of Arrangement, upon achieving certain milestones to be agreed upon, the Company shall be entitled to receive Contingent Consideration from the sale proceeds of the Project Undertaking.

The management is addressing this issue and is confident that the Scheme would be accorded approval and the Company shall become entitled for contingent consideration of substantial amount. Reference is drawn to note no. 1.2 of the financial statements which explains the status of the Scheme of Arrangement filed before the NCLT and the management's assertion of approval would be accorded by NCLT.

Further, the Company has granted security deposit for purchase of leasehold rights. The management expects those contracts to materialise in upcoming periods and the Company shall be able to resume economic activities.



Accordingly, the management expects that the Company will be able to discharge its debt to HDFC Limited. Except for the same, there are no significant other liabilities.

Accordingly, the Financial Statements are prepared on a going concern basis.

25. The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of receivables and also in estimating future cash flows. The Company has also considered the impacts on the expected credit losses. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.
26. The Company is engaged in the business of providing infrastructural facilities and therefore, by virtue of section 186(11)(a) of the Act, read with sub-section (7) of the said section, it is not mandatory to charge interest. Accordingly, it has not charged interest on the loans given to some of the parties.
27. As per Ind AS-19, "Employee Benefits", the disclosure of employee benefits is given below:

Defined Contribution Plans:

"Contribution to Provident and other funds" is recognised as an expense in 18 "Employee Benefit Expenses" of the Statement of Profit and Loss.

Defined Benefit Plan

The company provides gratuity benefits to its employees as per the statute. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences (Non-funded) is recognized in the same manner as gratuity.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2020:

27.1 Reconciliation of opening and closing balances of Defined Benefit Obligation:

| Particulars | (Amount in Rs.) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Liability at the beginning of the period | - | 14,59,186 |
| Acquisition Adjustment | - | - |
| Transfer In/ (Out) | - | (14,59,186) |
| Interest cost | - | - |
| Current Service cost | - | - |
| Past Service cost | - | - |
| Settlement Cost | - | - |
| Benefits paid | - | - |
| Actuarial (gain)/loss on obligations | - | - |
| Liability at the end of the period | - | - |
| Gratuity transferred from other entity | - | - |
| Liability at the end of the period as per balance sheet | - | - |



28. Segment Reporting:

The Company is in the business of real estate development which is the only reportable operating segment. Hence, separate disclosure requirements of Ind AS-108 Operating Segments are not applicable.

29. Related Parties Disclosure:

29.1 As per Ind AS-24 'Related Party Disclosure', the disclosure of transactions with the related parties as defined in Ind AS-24 is given below.

| <u>Name of the related party</u> | <u>Relationship</u> |
|--|--|
| D B Realty Limited | Holding Company |
| Vinod K Goenka | KMP of holding company |
| MIG (Bandra) Realtors & Builders Private Limited | Fellow Subsidiaries |
| Neelkamal Realtors Tower Private Limited | |
| Goregaon Hotel & Realty Private Limited | |
| D B Man Realty Limited | |
| Saifee Bucket Factory Private Limited | |
| Neelkamal Shantinagar Properties Private Limited | |
| DB View Infracon Private Limited | |
| Neelkamal Realtors Suburban Private Limited | |
| ECC DB Joint Venture | |
| Conwood DB Joint Venture | |
| Turf Estate Joint Ventures Private Limited | |
| Mira Real Estate Developers | |
| DB (BKC) Realtors Private Limited | |
| DB Hi Sky Construction Private Limited | |
| Dynamix Realty | Entities Jointly Controlled by the Holding Company |
| Turf Estate JV | |
| DBS Realty | |
| Shree Shantinagar Venture | |
| KG Enterprises | Enterprise where individuals i.e. KMP and their relatives have significant influence other than those mentioned above. |
| Pony Infrastructure & Contractors Limited | |
| Y J Realty and Aviation Pvt. Ltd. (Formerly Known as Y J Mall Maintenance Services Private Limited) | |
| Marine Drive Hospitality & Realty Private Limited | |
| Bamboo Hotels & global centre(Delhi) Private Limited | |
| Pune Buildtech Private Limited | |
| Neelkamal Realtors and Builders Private Limited | |
| Goan Hotels & Realty Private Limited | |
| Y J Mall Maintenance Services Private Limited | |
| BD & P Hotels India Private Limited | |
| Mr. Rajiv Agarwal | Key Management Personnel (KMPs) (Directors) |
| Mr. Nabil Patel | |
| Mr. Jagat Killawala | |
| Mr. Nasir Rafique | |

Note: The above related parties are identified by the management and relied upon by the auditors.



29.2 The details of transactions during the year with the related parties are as under:

| Particulars | (Amount in Rs.) | |
|---|---|---|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Finance Expenses on Financial Liabilities recognised at amortised cost | | |
| With Holding Company | - | 1,85,20,276 |
| Loan Given/(recovered) (net) | | |
| With Holding Company | (1,12,35,519) | (1,69,80,96,877) |
| Entities Jointly Controlled by Holding Company | - | - |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | (80,30,000) | - |
| Reimbursement of Expenses | | |
| With Holding Company | 6,78,555 | (1,13,950) |
| Entities Jointly Controlled by Holding Company | - | (1,37,235) |
| Fellow Subsidiary | 11,01,705 | 15,31,465 |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 3,88,964 | (1,00,18,613) |
| Trade Advance granted | | |
| With Holding Company | 6,72,335 | - |
| Entities Jointly Controlled by Holding Company | 3,97,221 | - |
| Fellow Subsidiary | 12,02,394 | - |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 54,318 | - |



29.3 The details of balances with the related parties are as under:

| Particulars | (Amount in Rs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Loans accepted: | | |
| With Holding Company (Liability component of Redeemable preference shares) | 13,50,00,000 | 13,50,00,000 |
| Enterprise where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 30,00,000 | 30,00,000 |
| | | |
| Loans/Advances Given | | |
| With Holding Company | 68,38,58,380 | 69,50,93,899 |
| Fellow Subsidiaries | 6,70,00,000 | 6,70,00,000 |
| Entities Jointly Controlled by Holding Company | 24,80,600 | 24,80,600 |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 51,53,19,963 | 52,33,49,963 |
| | | |
| Trade Payables | | |
| With Holding Company | - | (6,78,555) |
| With Fellow Subsidiary | 16,98,024 | 5,96,319 |
| With Associates of Holding Company | 200 | 200 |
| Entity jointly controlled by holding company | - | (3,88,964) |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 14,75,294 | 14,17,137 |
| | | |
| Trade Advance | | |
| With Holding Company | 6,72,335 | - |
| Entity jointly controlled by holding company | 3,97,221 | - |
| With Fellow Subsidiary | 12,02,394 | |
| Enterprise/LLP's where individuals i.e. KMP and their relatives have significant influence other than those mentioned above | 54,318 | - |
| | | |
| Equity Component of Compound Financial Instruments | | |
| With Holding Company | 4,15,86,485 | 4,15,86,485 |

30. **Financial Instrument:**

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in note 2 of the Ind AS financial statements.



(a) Financial assets and liabilities

The carrying value of financial instruments by categories (excluding pertaining to Disposal (Group) as at March 31, 2020 is as follows:

(Amount in Rs.)

| Particulars | Note No. | Fair Value through Profit or Loss | Fair Value Through OCI | Ammortised Cost | Total carrying value |
|------------------------------|----------|-----------------------------------|------------------------|-----------------|----------------------|
| Financial Assets | | | | | |
| Investment | 5 | - | 3,53,87,802 | - | 3,53,87,802 |
| Other Financial Assets | 6 | - | - | 29,400 | 29,400 |
| Cash and cash equivalent | 8 | - | - | 7,32,567 | 7,32,567 |
| Loans | 9 | - | - | 1,26,86,58,943 | 1,26,86,58,943 |
| Total | | - | 3,53,87,802 | 1,26,94,20,910 | 1,30,48,08,712 |
| Financial Liabilities | | | | | |
| Borrowings | 13 | - | - | 2,18,80,00,000 | 2,18,80,00,000 |
| Trade payables | 15 | - | - | 2,20,11,214 | 2,20,11,214 |
| Other Financial liabilities | 16 | - | - | 11,12,85,039 | 11,12,85,039 |
| Total | | - | - | 3,06,54,72,549 | 3,06,54,72,549 |

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(Amount in Rs.)

| Particulars | Note No. | Fair Value through Profit or Loss | Fair Value Through OCI | Ammortised Cost | Total carrying value |
|------------------------------|----------|-----------------------------------|------------------------|-----------------|----------------------|
| Financial Assets | | | | | |
| Investment | 5 | - | 3,16,71,388 | - | 3,16,71,388 |
| Other Financial Assets | 6 | - | - | 29,400 | 29,400 |
| Cash and cash equivalent | 8 | - | - | 12,50,438 | 12,50,438 |
| Loans | 9 | - | - | 1,28,82,64,904 | 1,28,82,64,904 |
| Total | | - | 3,16,71,388 | 1,28,95,44,742 | 1,32,12,16,130 |
| Financial Liabilities | | | | | |
| Borrowings | 13 | - | - | 2,18,98,39,532 | 2,18,98,39,532 |
| Trade payables | 15 | - | - | 1,90,80,500 | 1,90,80,500 |
| Other Financial liabilities | 16 | - | - | 48,18,939 | 48,18,939 |
| Total | | - | - | 2,92,21,97,883 | 2,92,21,97,883 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payable as at March 31, 2020 and March 31, 2019 approximate the fair value because of their short term nature. Difference between the carrying amount and fair values of other financial liabilities subsequently measured at amortized cost is not significant in each year presented.

Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are wither observable or unobservable and consists of the following three levels:



- Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2:** Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3:** Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

The investment included in Level 3 of fair value hierarchy has been valued using the cost approach to arrive at their fair value. The cost of unquoted investment approximates the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured on fair value on recurring basis (but fair value disclosure are required)

| As at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|-------------|-------------|
| Financial Assets : | | | | |
| Investments in Saraf Chemicals Private Ltd. (The Company's investment in equity shares of Saraf Chemicals Private Ltd is valued at book value method) | - | - | 3,53,87,802 | 3,53,87,802 |
| Total | - | - | 3,53,87,802 | 3,53,87,802 |
| | | | | |
| As at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets : | | | | |
| Investments in Saraf Chemicals Private Ltd. (The Company's investment in equity shares of Saraf Chemicals Private Ltd is valued at book value method) | - | - | 3,16,71,388 | 3,16,71,388 |
| Total | | - | 3,16,71,388 | 3,16,71,388 |

(b) Financial Risk Management:

The Board of Directors reviews the risk management policy from time to time and the said policy aims at enhancing shareholders' value and providing an optimum risk-reward trade off. The risk management approach is based on clear understanding of variety of risk that the organisation faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

A brief description of the various risks which the company is likely to face is as under:

(i) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: interest rate risk, credit and default risk and liquidity risk financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI and FVTPL investments.

The company does not have material Foreign Currency Exchange rate risk.



(ii) Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and carrying amount of project work in progress (which will have subsequent impact on the profit or loss of future period depending upon the revenue which would be recognised based on the percentage of completion as indicated in Accounting Policy for revenue recognition mentioned in Note 2) is affected through the impact on floating rate borrowings, as follows:

| Particulars | Increase/(Decrease) in basis points | (Amount in Rs.) | |
|-------------------------------|-------------------------------------|----------------------------|-------------------------------------|
| | | Effects on Loss before tax | Effects on Project Work in Progress |
| For the year ended March 2020 | 0.50% | 1,12,20,110 | NIL |
| | (0.50)% | (1,12,20,110) | NIL |
| For the year ended March 2019 | 0.50% | 1,12,20,110 | NIL |
| | (0.50)% | (1,12,20,110) | NIL |

(iii) Credit risk and default risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, business advances/deposit given) and from its investing activities (primarily loans granted to various parties including related parties).

Trade receivables

Considering the inherent nature of business of the company, Customer credit risk is minimal. The company generally does not part away with its assets unless trade receivable are fully realised.

(iv) Liquidity risk:

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and preference shares. The Company has access to a sufficient variety of sources of funding which includes funding from holding company which is expected to be rolled over in case of any liquidity gap.

(v) Equity price risk:

The company does not have material investment in equity instruments and hence equity price risk does not affect the company materially.

31. Capital Management

For the purposes of the company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the company's capital management is to maximise shareholders value. The company manages its capital structure and market adjustments in the light of changes in economic environment and the requirements of the financial covenants.

32. As there is no certainty of future taxable profits, the Company has not recognised Deferred Tax Assets on unabsorbed losses and depreciation.



33. During the year, the Company has temporarily deployed its funds with its related party. The said funds will be recalled as and when the company requires the same for its project.
34. Certain trade Payables, Contractors' Retention Money, Trade Receivables and Mobilisation Advance in the Financial Statements are subject to confirmation.
35. Previous year figures have been regrouped and reclassified wherever necessary to match with current year's classification.

Signatures to Notes 1 to 35

As per our attached report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Dharti Shah

Dharti Shah
Partner
Membership No. : 132710



For and on behalf of the Board

Rajiv Agarwal
(Rajiv Agarwal)
Director
(CIN-00030453)

Asif Balwa
Asif Balwa
CFO
(CIN-00017934)

Nabil Patel
(Nabil Patel)
Director
(CIN-00298093)

Jignesh Shah
Jignesh Shah
Company Secretary

Place : Mumbai
Date : 30/07/2020