

# BSR & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

### To the Members of Shrachi Realty Private Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Shrachi Realty Private Limited ("the Company") which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement,



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**Shrachi Realty Private Limited**  
**Independent Auditors' Report (continued)**

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;



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**Shrachi Realty Private Limited**  
**Independent Auditors' Report (continued)**

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditors' 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 note 4(b) to the financial statements.
  - ii. The Company did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-100022



Place: Kolkata  
Date : 23 September 2016

  
**Jayanta Mukhopadhyay**  
*Partner*  
Membership No.: 055757

**Annexure A to the Independent Auditors' Report**

(Referred to in our report of even date)

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed upon such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.
- (ii) According to the information and explanations given to us, the inventory have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or parties covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us, the terms and conditions on which the unsecured loan have been granted to a company covered in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interests of the Company.
- (b) The unsecured loan granted to a company covered in the register maintained under Section 189 of the Act is repayable on demand. According to the information and explanations given to us, the loan and interest demanded during the year by the Company have been repaid.
- (c) There is no overdue amount in respect of the unsecured loan granted to a company covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us and based on our examination of the records of the Company, there are no loans, investments, guarantees and security which requires compliance with provisions of Section 185 and 186 of the Act. Accordingly, provisions of paragraph 3(iv) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act.



**Annexure A to the Independent Auditors' Report (continued)**

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, service tax, employees' state insurance, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there were slight delays in few cases of income tax. As explained to us, the Company did not have any dues on account of provident fund, sales tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of service tax, employees' state insurance, cess and any other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable, except for income tax as mentioned below:

Name of the Statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Advance Income Tax	365,814	June 2015	15 June 2015	Not paid till date
Income Tax Act, 1961	Advance Income Tax	731,627	September 2015	15 September 2015	Not paid till date

- (b) According to the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited with the appropriate authorities on account of any dispute, except as disclosed below:

Name of the Statute	Nature of the dues	Amount demanded (Rs)	Amount unpaid (Rs)	Period to which the amount relate	Forum where dispute is pending
Income Tax Act, 1961	Income tax disallowances	3,394,750	3,394,750	2009-10	Commissioner of Income Tax (Appeals), Kolkata
Income Tax Act, 1961	Income tax disallowances	608,800	608,800	2013-14	Commissioner of Income Tax (Appeals), Kolkata

- (viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution or government or any outstanding dues to debenture holders. However, the Company has defaulted in repayment of loan to a bank as mentioned below:

Particulars	Amount of default as at 31 March 2016	Period of default (days)	Remarks
Bank : Allahabad bank	12,345,616	190	Paid on 08 July 2016
	63,375,000	176	Unpaid



**Annexure A to the Independent Auditors' Report (continued)**

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, term loan raised during the year has been applied for the purposes for which those were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the provisions of Section 197 and, as such, those of paragraph 3(xi) of the Order are not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of 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, transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) 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 non-cash transactions with directors or persons connected with them. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022



Place: Kolkata

Date : 23 September 2016

  
**Jayanta Mukhopadhyay**  
*Partner*  
Membership No: 055757

**Annexure B to the Independent Auditors' Report**

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Shrachi Realty Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



**Annexure B to the Independent Auditors' Report (continued)**

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B S R & Co. LLP**


*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022



Place: Kolkata

Date : 23 September 2016

  
**Jayanta Mukhopadhyay**

*Partner*

Membership No: 055757



# Shrachi Realty Private Limited

## Balance Sheet

as at 31 March 2016

(Amount in Indian rupees)

	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	5,039,000	5,039,000
Reserves and surplus	3.2	<u>595,167,393</u>	<u>493,311,396</u>
		<b>600,206,393</b>	<b>498,350,396</b>
<b>Non-current liabilities</b>			
Long-term provisions	3.3	<u>693,132</u>	-
		<b>693,132</b>	-
<b>Current liabilities</b>			
Short-term borrowings	3.4	112,280,487	292,522,888
Trade payables	3.5	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		16,890,468	21,109,448
Other current liabilities	3.6	170,267,336	174,842,576
Short-term provisions	3.7	<u>3,452,478</u>	<u>937,787</u>
		<b>302,890,769</b>	<b>489,412,699</b>
<b>TOTAL</b>		<u><b>903,790,294</b></u>	<u><b>987,763,095</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	3.8	3,874,031	5,148,412
Non-current investments	3.9	172,091,258	195,775,320
Deferred tax assets	3.10	-	-
Long-term loans and advances	3.11	<u>7,650,050</u>	<u>5,399,671</u>
		<b>183,615,339</b>	<b>206,323,403</b>
<b>Current assets</b>			
Inventories	3.12	394,762,805	417,508,557
Cash and bank balances	3.13	9,056,481	11,490,508
Short-term loans and advances	3.14	313,510,674	347,232,827
Other current assets	3.15	<u>2,844,995</u>	<u>5,207,800</u>
		<b>720,174,955</b>	<b>781,439,692</b>
<b>TOTAL</b>		<u><b>903,790,294</b></u>	<u><b>987,763,095</b></u>

Significant accounting policies

2

Notes to the financial statements

3 and 4

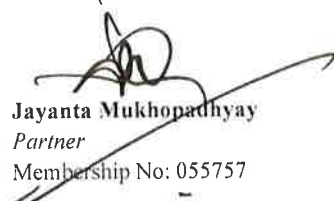
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

  
Jayanta Mukhopadhyay  
Partner  
Membership No: 055757

Place: Kolkata

Date: 23 September 2016



For and on behalf of the Board of Directors of

**Shrachi Realty Private Limited**

CIN - U70101WB2007PTC117468



Rahul Todi

Director

DIN : 00080441

Place: Kolkata

Date: 23 September 2016



Sanjeev Agarwal

Director

DIN : 00080755

# Shrachi Realty Private Limited

## Statement of Profit and Loss

for the year ended 31 March 2016

(Amount in Indian rupees)

	Note	2016	2015
Revenue from operations	3.16	78,270,479	499,970
Other income	3.17	157,842,671	36,642,913
<b>Total revenue</b>		<b>236,113,150</b>	<b>37,142,883</b>
<b>Expenses</b>			
Construction costs	3.18	47,960,695	83,223,380
Decrease / (increase) in inventories of project work-in-progress	3.19	22,745,752	(80,810,176)
Employee benefits expense	3.20	9,434,215	6,885,458
Finance costs	3.21	36,668,256	43,808,248
Depreciation	3.8	519,920	831,570
Other expenses	3.22	9,433,716	10,653,345
<b>Total expenses</b>		<b>126,762,554</b>	<b>64,591,825</b>
<b>Profit / (loss) before tax</b>		<b>109,350,596</b>	<b>(27,448,942)</b>
<b>Income tax expense</b>			
Current tax		9,948,613	-
MAT credit (entitlement)		(2,454,014)	-
Deferred tax charge/(release)	3.10	-	-
<b>Profit / (loss) for the year</b>		<b>101,855,997</b>	<b>(27,448,942)</b>
<b>Earnings / (loss) per equity share</b>			
Basic and diluted	4(a)	202.14	(54.47)
[nominal value per share Rs 10 (2015: Rs 10)]			
<b>Significant accounting policies</b>	2		
<b>Notes to the financial statements</b>	3 and 4		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay  
Partner

Membership No: 055757

Place: Kolkata

Date: 23 September 2016



For and on behalf of the Board of Directors of

Shrachi Realty Private Limited

CIN - U70101WB2007PTC117468

Rahul Todi

Director

DIN : 00080441

Sanjeev Agarwal

Director

DIN : 00080755

Place: Kolkata

Date: 23 September 2016

# Shrachi Realty Private Limited

## Cash Flow Statement

for the year ended 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>A Cash flow from operating activities</b>		
Profit / (loss) before tax	109,350,596	(27,448,942)
Adjustments for:		
Depreciation	519,920	831,570
Interest expenses	36,668,256	43,808,248
Interest income	(1,177,795)	(5,972,107)
Dividend income from non current investments	(58,432,500)	(23,565,000)
Profit on sale of optionally convertible preference shares	(66,315,938)	-
Profit on sale of mutual funds	(2,333,194)	(67,552)
Profit on transfer of rights in flats	(29,517,326)	(6,467,005)
Fees for transfer of rights in flat	1,248,555	-
Profit on sale of fixed asset	(55,916)	-
Unspent liabilities no longer required written back	(10,002)	(571,249)
<b>Operating cash flows before working capital changes</b>	<u>(10,055,344)</u>	<u>(19,452,037)</u>
<b>Changes in working capital</b>		
(Decrease) / increase in trade payables	(4,218,980)	9,811,750
Increase / (decrease) in long-term provisions	693,132	(372,836)
(Decrease) / increase in short-term provisions	(87,885)	293,386
(Decrease) / increase in other current liabilities	(2,826,725)	58,034,313
Decrease in short-term loans and advances	17,203,247	20,260,797
Decrease / (increase) in inventories - project work in progress	23,406,129	(79,984,705)
(Increase) in other current assets	(338,210)	-
<b>Cash flows generated from / (used in) operations</b>	<u>23,775,364</u>	<u>(11,409,332)</u>
Direct taxes paid (net)	(7,142,402)	(798,063)
<b>Net cash flows generated from / (used in) operating activities (A)</b>	<u>16,632,962</u>	<u>(12,207,395)</u>
<b>B Cash flow from investing activities</b>		
Proceeds from sale of fixed assets	150,000	-
Net proceeds from sale of investment in flats / (Net investment made in flats)	44,787,677	(17,455,422)
Dividend received	58,432,500	23,565,000
Investments made in mutual fund	(11,000,000)	(11,000,000)
Proceeds from sale of investments in mutual fund	13,333,194	11,067,552
Proceeds from sale of optionally convertible preference shares	90,000,000	-
Interest received	3,878,810	12,669,671
<b>Net cash flows generated from investing activities (B)</b>	<u>199,582,181</u>	<u>18,846,801</u>



# Shrachi Realty Private Limited

## Cash Flow Statement (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>C Cash flow from financing activities</b>		
Proceeds from short term borrowings from bank	26,474,914	67,525,086
Repayment of short term borrowings to bank	(243,277,186)	(44,823,776)
Proceeds from short term borrowings from body corporates	36,559,871	-
Repayment of long term borrowings (vehicle loan)	(348,568)	(552,375)
Interest paid	(38,058,201)	(43,298,262)
<b>Net cash flows (used in) financing activities (C)</b>	<b>(218,649,170)</b>	<b>(21,149,327)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(2,434,027)</b>	<b>(14,509,921)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>11,490,508</b>	<b>26,000,429</b>
<b>Cash and cash equivalents at the end of year</b>	<b>9,056,481</b>	<b>11,490,508</b>

### Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 ('AS-3') on Cash Flow Statement.

### 2. Components of cash and cash equivalents:

Cash on hand	36,155	25,466
Cheques in hand	-	1,250,000
Bank balances with scheduled banks - on current accounts	9,020,326	10,215,042
	<b>9,056,481</b>	<b>11,490,508</b>

### 3. Reconciliation of cash and cash equivalents:

Cash and bank balances (refer note 3.13)	9,056,481	11,490,508
Cash and cash equivalents for the cash flow statement	<b>9,056,481</b>	<b>11,490,508</b>

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 23 September 2016



For and on behalf of the Board of Directors of

**Shrachi Realty Private Limited**

CIN - U70101WB2007PTC117468

Rahul Todi

Director

DIN: 00080441

Place: Kolkata

Date: 23 September 2016

Sanjeev Agarwal

Director

DIN: 00080755

# Shrachi Realty Private Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Amount in Indian rupees)

### 1 Company overview

Shrachi Realty Private Limited (the 'Company') was incorporated on 26 July 2007. The Company is a subsidiary of Shrachi Developers Private Limited. The Company is engaged in the business of construction, development, sale, management, and operation of all or any part of real estate projects.

### 2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### 2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP primarily comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified) and pronouncements of the Institute of Chartered Accountants of India, to the extent applicable. The financial statement are in Indian Rupees.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### 2.3 Current – non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

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

- it is expected to be realised in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.3 Current – non-current classification (*continued*)

##### *Liabilities*

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

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### 2.4 Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 36 months for the purpose of current – non-current classification of assets and liabilities for current project under development and 12 months for the other assets and liabilities.

#### 2.5 Fixed assets and depreciation

##### *Tangible assets*

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any attributable cost such as duties, freight, borrowing costs, erection and commissioning expenses incurred in bringing the asset to its working condition for its intended use.

Depreciation are provided using written down value method as per the useful life specified in Part 'C' of Schedule to of the Act. For class of assets categorised under building, based on internal assessment, the management believes that these assets have useful lives of 10 years, which is lower and different from the useful lives as prescribed under Part C of Schedule II to the Act. Depreciation on addition/deletion of fixed asset made during the year is provided on pro-rata basis from / upto the date of each addition / deletion.

Assets costing less than Rs 5,000 are fully depreciated in the year of acquisition.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

*for the year ended 31 March 2016*

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.5 Fixed assets and depreciation (*continued*)

Advance paid /expenditure incurred on acquisition /construction of fixed assets which are not ready for their intended use at each Balance Sheet date are disclosed under loans and advances as advances on capital account and capital work-in-progress respectively.

#### 2.6 Impairment of assets

The assets of the Company are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

#### 2.7 Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

#### 2.8 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of Schedule III to the Act.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.8 Investments (*continued*)

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

#### 2.9 Inventories

Inventories comprises of project work-in-progress. Cost of inventories comprises of direct expenses like cost of land, site labour cost, material used for project construction, project management consultancy, costs for moving the plant and machinery to the site and general expenses incurred specifically for the respective project like insurance, design and technical assistance, borrowing costs and construction overheads are taken as the cost of project work-in-progress.

Inventories are valued at lower of cost or net realisable value; cost is determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 2.10 Borrowing costs

Borrowing costs incurred in relation to the acquisition / construction of project property is included in inventory till the date the construction of the property is completed. Borrowing costs incurred during the construction period which are not related to the construction activity nor are incidental thereto, are charged to the Statement of Profit and Loss.

#### 2.11 Revenue recognition

Revenue from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e., on the percentage of completion basis.

For all projects commencing on or after the 1 April 2012 or projects which have already commenced, but where the revenue is recognised for the first time on or after the above date, construction revenue on such projects have been recognised on percentage of completion method, in accordance with the "Guidance Note on Accounting for Real Estate Transactions (Revised 2012)" (Guidance Note), provided the following thresholds have been met:





# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.11 Revenue recognition (*continued*)

- (a) All critical approvals necessary for the commencement of the project have been obtained;
- (b) The expenditure incurred on construction and development costs is not less than 25 per cent of the total estimated construction and development costs;
- (c) At least 25 percent of the saleable project area is secured by contracts or agreements with buyers; and
- (d) At least 10 percent of the total revenue as per agreement is realised at the reporting date in respect of each contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

As per this method, revenue from sale of properties is recognised in Statement of Profit and Loss, in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company, on transfer of significant risk and rewards to the buyer.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project or activity and the foreseeable losses to completion.

Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognised in the financial statements for the period in which such changes are determined.

Revenue from projects is recognised net of revenue attributable to the land owners. Losses, if any, are fully provided for immediately. The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax.

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

#### 2.12 Foreign currency transactions

Foreign currency transactions are recorded at the spot rates on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.13 Employee benefits

##### (i) Short term employee benefits

All employee benefits payable wholly within 12 months of rendering the service are classified as short-term employee benefits such as salaries, wages, etc. are recognised in the period in which the employee rendered the related services. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period.

##### (ii) Post employment benefits

###### *Defined benefit plan:*

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; which is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date.

When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

###### *Long term employment benefits:*

The Company's net obligation in respect of long-term employment benefits, other than gratuity, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the Projected Unit Credit Method and is discounted to its present value and the fair value of any related assets is deducted.

###### *Compensated absences:*

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the Balance Sheet date.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.14 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

#### *Minimum Alternate Tax (MAT)*

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 2.15 Earnings per share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

#### 2.16 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

*for the year ended 31 March 2016*

(Amount in Indian rupees)

### 2 Significant accounting policies (*continued*)

#### 2.16 Provisions and contingencies (*continued*)

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

#### 2.17 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 2.18 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before 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 regular operating, investing and financing activities of the Company are segregated.



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) as at 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.1 Share capital</b>		
<b>Authorised capital</b>		
750,000 (2015: 750,000) equity shares of Rs 10 each.	7,500,000	7,500,000
	<u>7,500,000</u>	<u>7,500,000</u>
<b>Issued, subscribed and fully paid-up</b>		
503,900 (2015: 503,900) equity shares of Rs 10 each, fully paid-up	5,039,000	5,039,000
	<u>5,039,000</u>	<u>5,039,000</u>

(A) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	2016		2015	
	Numbers	Amount	Numbers	Amount
Equity shares				
At the commencement and end of the year	503,900	5,039,000	503,900	5,039,000

(B) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

(C) Shares held by holding company

	2016		2015	
	Numbers	Amount	Numbers	Amount
Equity shares of Rs 10 each, fully paid-up				
Shrachi Developers Private Limited, the holding company	259,000	2,590,000	259,000	2,590,000

(D) Particulars of shareholders holding more than 5% of fully paid up equity shares

	2016		2015	
	Numbers	%	Numbers	%
Equity shares of Rs 10 each, fully paid-up				
Shrachi Developers Private Limited, the holding company	259,000	51.40%	259,000	51.40%
SRS Investments Bengal Tiger Limited	144,900	28.76%	144,900	28.76%

	2016	2015
<b>3.2 Reserves and surplus</b>		
<b>Securities premium account</b>		
At the commencement and at the end of year	450,036,297	450,036,297
	<u>450,036,297</u>	<u>450,036,297</u>
<b>Surplus (Profit and Loss balance)</b>		
At the commencement of the year	43,275,099	70,724,041
Profit / (loss) for the year	101,855,997	(27,448,942)
At the end of the year	<u>145,131,096</u>	<u>43,275,099</u>
	<u>595,167,393</u>	<u>493,311,396</u>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) as at 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.3 Long-term provisions</b>		
Provision for employee benefits		
- Compensated absences [refer note 4(f)]	211,532	-
- Gratuity [refer note 4(f)]	481,600	-
	<b>693,132</b>	<b>-</b>
<b>3.4 Short-term borrowings</b>		
Term loans from Allahabad Bank (secured)	75,720,616	292,522,888
Unsecured loan from body corporate		
- Gagan Tradelink Private Limited	36,559,871	-
	<b>112,280,487</b>	<b>292,522,888</b>

### Note: Details of security and repayment terms for term loan :-

<p>1. Term loan from Allahabad Bank amounting to <b>Rs Nil</b> (2015 : Rs 150,000,000) is secured by -</p> <p>a) first charge and mortgage on both movable and immovable project assets, both present and future situated at old Purulia Road, near Pardihi chowk, Jamshedpur, Jharkhand along with all immovable properties of the Company, both present and future on pari-passu basis.</p> <p>b) all the intangible assets of the Company, including, but not limited to goodwill, uncalled capital present and future on pari-passu basis.</p> <p>c) all bank accounts of the project being financed by the bank.</p> <p>d) second charge on entire current assets of the Company including but limited to book-debts, operating cash flows, receivables, revenues of whatsoever nature and wherever arising, stocks, spares etc, on pari-passu basis.</p> <p>This loan from Allahabad Bank was repaid during the current year, however, release of charge by the Allahabad Bank is pending repayment of loans availed for Ekdin Tower project.</p>
<p>2. Term loan from Allahabad Bank amounting to <b>Rs.75,720,616</b> (2015 : Rs 142,522,888) is secured by-</p> <p>a) first charge on all the immovable properties of company's share of 60% of the constructed demarcated area together with and undivided indivisible, impartible proportionate share and interest in the land and building and the common portion as being developers allocation of the commercial complex "Ekdin Tower" project, situated at Premises No. -04-0702 in street no. 072, Erstwhile Plot No- 11D/30, Action Area-11D of New Town, Kolkata.</p> <p>b) all the intangible assets of the Company, including, but not limited to goodwill, uncalled capital present and future on pari-passu basis,</p> <p>c) all bank accounts of the project being financed by the bank,</p> <p>d) second charge on entire current assets of the Company including but limited to book-debts, operating cash flows, receivables, revenues of whatsoever nature and wherever arising, stocks, spares etc, on pari-passu basis.</p> <p>Term loan from Allahabad Bank carries an interest of Allahabad Bank's base rate plus 5% per annum with monthly rests and is repayable in 3 staggered quarterly installments commencing from September 2015 for Rs 42,250,000, December 2015 for Rs 63,375,000 and March 2016 for Rs 36,900,086.</p> <p>The loan is also secured by corporate guarantee given by EK Din Media Private Limited.</p> <p>Both the above term loans are personally guaranteed by the promoter director Rahul Todi.</p>

### Default in payment of short - term borrowings existing as at Balance Sheet date :-

Name of the lender	Amount due on	Amount of default as at the balance sheet date	Amount repaid on	Number of days of delay
Bank :				
- Allahabad bank				
Principal	31-Dec-15	12,345,616	08-Jul-16	190
	31-Mar-16	63,375,000	Unpaid	Unpaid
Interest	29-Feb-16	1,161,562	24-Jun-16	116
	31-Mar-16	1,240,566	24-Jun-16	85

### Note: Details of repayment terms for unsecured loan from body corporate :-

Unsecured loan from Gagan Tradelink Private Limited for **Rs 36,559,871** (2015 : Rs Nil), carrying interest @ 14.70% per annum, is payable on demand subject to a maximum period of two years.



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) as at 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.5 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises [refer note 4 (e)]	-	-
micro enterprises and small enterprises		
- Others	12,105,770	17,334,358
- Retention money payable to contractors	4,784,698	3,775,090
	<u>16,890,468</u>	<u>21,109,448</u>
<b>3.6 Other current liabilities</b>		
Current maturities of long-term vehicle loan (refer note below)	-	348,568
Interest accrued and due on borrowings	2,507,666	3,894,705
Interest accrued but not due on borrowings	-	2,906
Advances received from customers	159,081,749	163,613,469
Statutory dues payable :		
- Tax deducted at source payable	555,444	491,766
- Works contract tax payable	20,259	30,542
- Employee State Insurance payable	126	262
- Professional tax payable	1,810	900
- Service tax payable	409	-
- Cess on labour payable	335,246	89,408
Employee benefits payable	791,551	489,988
Other payables	6,973,076	5,880,062
	<u>170,267,336</u>	<u>174,842,576</u>

Note: Details of security and repayment terms for vehicle loan :

Nature of security:	Amount outstanding as on 31 March		No of installments	Amount of each installment (Rs)	Rate of interest (per annum)
	Current	Non-current			
Vehicle loan taken from Axis Bank Limited amounting to Rs 1,595,000 taken on 18 October 2012 against hypothecation of vehicle, purchased there against and the same is repayable in 36 equal monthly installments.					
	Terms of repayment : 2016				
	-	-	-	-	-
	Terms of repayment : 2015				
	348,568	-	7	51,470	10.01%

### 3.7 Short-term provisions

Provision for employee benefits		
- Compensated absences [refer note 4(f)]	51,441	140,406
- Gratuity [refer note 4(f)]	227,047	225,967
Provision for income tax and fringe benefits tax [net of advance tax Rs 11,848,723 (2015: Rs 4,502,686)]	3,173,990	571,414
	<u>3,452,478</u>	<u>937,787</u>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) as at 31 March 2016

(Amount in Indian rupees)

### 3.8 Tangible fixed assets

Particulars	Motor cars	Building	Furniture and fittings	Office equipments	Plant and equipment	Computer and accessories	Total
<b>Gross block</b>							
Balance as at 1 April 2014	2,431,493	9,634,352	1,362,064	243,146	665,084	936,649	15,272,788
Additions	-	-	-	-	-	-	-
Balance as at 31 March 2015	2,431,493	9,634,352	1,362,064	243,146	665,084	936,649	15,272,788
<b>Balance as at 1 April 2015</b>	<b>2,431,493</b>	<b>9,634,352</b>	<b>1,362,064</b>	<b>243,146</b>	<b>665,084</b>	<b>936,649</b>	<b>15,272,788</b>
Additions	-	-	-	-	-	-	-
Disposals	549,098	-	-	-	-	-	549,098
Balance as at 31 March 2016	1,882,395	9,634,352	1,362,064	243,146	665,084	936,649	14,723,690
<b>Depreciation</b>							
Balance as at 1 April 2014	979,773	5,506,996	773,557	116,050	303,272	787,687	8,467,335
Depreciation for the year	452,448	825,471	164,300	28,173	85,573	101,076	1,657,041
Balance as at 31 March 2015	1,432,221	6,332,467	937,857	144,223	388,845	888,763	10,124,376
<b>Balance as at 1 April 2015</b>	<b>1,432,221</b>	<b>6,332,467</b>	<b>937,857</b>	<b>144,223</b>	<b>388,845</b>	<b>888,763</b>	<b>10,124,376</b>
Depreciation for the year *	307,976	660,377	115,768	21,536	64,110	10,530	1,180,297
Accumulated depreciation on disposals	455,014	-	-	-	-	-	455,014
Balance as at 31 March 2016	1,285,183	6,992,844	1,053,625	165,759	452,955	899,293	10,849,659
<b>Net block</b>							
As at 31 March 2015	999,272	3,301,885	424,207	98,923	276,239	47,886	5,148,412
As at 31 March 2016	597,212	2,641,508	308,439	77,387	212,129	37,356	3,874,031

\* Note: Depreciation amounting to Rs 660,377 (2015: Rs 825,471) in respect of site office has been transferred to construction work-in-progress (refer note 3.18)





# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

as at 31 March 2016

(Amount in Indian rupees)

### 3.9 Non-current investments

(Valued at cost unless stated otherwise)

	Face value per share/unit	2016	2015
<b>Trade investments (unquoted)</b>			
<i>Investments in equity instruments (fully paid-up)</i>			
<i>In associates</i>			
562,500 (2015: 562,500) Intelligent Infrastructure Limited	10	22,737,828	22,737,828
615,000 (2015: 615,000) Intelligent Structures Private Limited	10	6,150,000	6,150,000
131,500 (2015: 131,500) Pawanputra Tradecom Private Limited	10	1,315,000	1,315,000
30,200 (2015: 30,200) Indraprastha Farms Private Limited	10	302,253	302,253
<i>In others</i>			
1,057,500 (2015: 1,057,500) Bengal NRI Complex Limited	10	8,934,781	8,934,781
30,000 (2015: 30,000) Ideal Heights Private Limited	10	303,006	303,006
<i>In companies in which directors can exercise significant influence</i>			
90,000 (2015: 90,000) Rosedale Developers Private Limited	10	902,250	902,250
100,428 (2015: 100,428) Shrachi Virtuous Retail Projects Private Limited	10	18,944,744	18,944,744
17,500 (2015: 17,500) Newtown Dwellers Private Limited	10	175,000	175,000
<i>Investment in preference shares (fully paid-up)</i>			
100% Non cumulative redeemable preference shares			
615,000 (2015: 615,000) Intelligent Structures Private Limited	100	61,500,000	61,500,000
<i>Optionally convertible preference shares (fully paid-up)</i>			
Nil (2015: 562,500) Intelligent Infrastructure Limited	10	-	23,684,062
<i>Investment in debentures</i>			
<i>Fully convertible debentures (fully paid-up)</i>			
516,071 (2015: 516,071) Shrachi Virtuous Retail Projects Private Limited	10	5,160,710	5,160,710
3,689,290 (2015: 3,689,290) Newtown Dwellers Private Limited	10	36,892,900	36,892,900
<i>Investment in share warrants</i>			
<i>Share warrants (fully paid-up)</i>			
44,307 (2015: 44,307) Shrachi Virtuous Retail Projects Private Limited	198	8,772,786	8,772,786
		<b>172,091,258</b>	<b>195,775,320</b>
Aggregate book value of unquoted non current investments		<b>172,091,258</b>	<b>195,775,320</b>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) as at 31 March 2016

(Amount in Indian rupees)

2016 2015

### 3.10 Deferred tax assets

Deferred tax assets comprises of:

Difference between book depreciation and depreciation as per the Income tax Act, 1961	1,886,478	1,858,814
Carry forward business losses	29,527,506	28,080,706
Unabsorbed depreciation	842,802	1,119,104
Disallowance under Section 43B of the Income tax Act, 1961	239,879	47,724
Deferred tax assets	<u>32,496,665</u>	<u>31,106,348</u>
Deferred tax assets (net) recognised in the financial statements *	<u>-</u>	<u>-</u>

\* **Note:** As per Accounting Standard 22 on Accounting for taxes on income, the Company would have a deferred tax assets as at 31 March 2016 primarily comprising of carried forward losses and unabsorbed depreciation under tax laws. However, in the absence of virtual certainty of realisation of this asset, the management is of the view that it is prudent not to recognise deferred tax asset as at 31 March 2016. Accordingly, **Rs 32,496,665** (2015: Rs 31,106,348) of deferred tax asset is not recognised in the financial statements as at 31 March 2016.

### 3.11 Long-term loans and advances

(Unsecured and considered good)

Security deposit	44,000	44,000
MAT credit entitlement receivable	2,454,014	-
Advance income tax [net of provision for income tax <b>Rs Nil</b> (2015 : <b>Rs Nil</b> )]	<u>5,152,036</u>	<u>5,355,671</u>
	<u>7,650,050</u>	<u>5,399,671</u>

### 3.12 Inventories

(Valued at the lower of cost and net realisable value)

**Project work in progress:**

Land costs including development rights	142,401,711	152,401,711
Construction costs	179,582,610	190,962,682
Depreciation	6,992,844	6,332,467
Borrowing costs	21,463,826	21,463,826
Other expenses	44,321,814	46,347,871
	<u>394,762,805</u>	<u>417,508,557</u>

### 3.13 Cash and bank balances

**Cash and cash equivalents**

Cash on hand	36,155	25,466
Cheques in hand	-	1,250,000
Bank balances with scheduled banks - in current accounts	<u>9,020,326</u>	<u>10,215,042</u>
	<u>9,056,481</u>	<u>11,490,508</u>



Shrachi Realty Private Limited

Notes to the financial statements (continued)  
as at 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.14 Short-term loans and advances</b>		
<i>(Unsecured and considered good, unless otherwise stated)</i>		
<b>Short-term loans</b>		
<i>To parties other than related parties</i>		
Neobeam Properties Private Limited	118,813	106,788
Nadia Pulp & Board Limited	<u>2,500,000</u>	-
	<u>2,618,813</u>	<u>106,788</u>
<b>Advances against purchase of land / properties</b>		
<i>To parties other than related parties</i>		
Considered good	38,604,999	40,104,999
Considered doubtful	5,000,000	5,000,000
Less: Provision for bad and doubtful advance	<u>(5,000,000)</u>	<u>(5,000,000)</u>
	38,604,999	40,104,999
<i>To related parties</i>		
Indraprastha Farms Private Limited	<u>7,568,000</u>	6,590,000
	<u>46,172,999</u>	<u>46,694,999</u>
<b>Advance against projects</b>		
<i>To parties other than related parties</i>	82,885,109	82,885,109
<i>To related party [refer note 4 (g)]</i>		
Bengal Shrachi Housing Development Limited	<u>78,800,059</u>	<u>95,040,059</u>
	<u>161,685,168</u>	<u>177,925,168</u>
<b>Advance against purchase of flats</b>		
<i>To related parties</i>		
Bengal NRI Complex Limited	96,836,487	83,273,272
Rosedale Developers Private Limited	<u>2,793,525</u>	<u>2,793,525</u>
	<u>99,630,012</u>	<u>86,066,797</u>
<b>Other receivables</b>		
<i>To related parties</i>		
Rosedale Developers Private Limited	-	<u>30,082,121</u>
<b>Others</b>		
Advance to suppliers and contractors	1,416,225	4,039,838
Travel and other advances	213	1,058
CENVAT credit receivable	1,163,703	1,994,219
Prepaid expenses	813,541	311,839
Security deposit	<u>10,000</u>	<u>10,000</u>
	<u>3,403,682</u>	<u>6,356,954</u>
	<u>313,510,674</u>	<u>347,232,827</u>
<b>3.15 Other current assets</b>		
Receivable against surrender of development rights	1,500,000	1,500,000
Interest receivable from body corporate	1,006,785	3,707,800
Other receivable	<u>338,210</u>	-
	<u>2,844,995</u>	<u>5,207,800</u>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) for the year ended 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.16 Revenue from operation</b>		
Sale of developed units	65,644,669	-
Sale of land	12,500,000	-
Income from transfer/ cancellation of units	125,810	499,970
	<u>78,270,479</u>	<u>499,970</u>
<b>3.17 Other income</b>		
Interest income on:		
- Loans	1,118,653	5,960,324
- Others	59,142	11,783
Dividend income from non current investments	58,432,500	23,565,000
Profit on sale of optionally convertible preference shares	66,315,938	-
Profit on disposal of fixed asset	55,916	-
Profit on transfer of rights in flats	29,517,326	6,467,005
Profit on sale of mutual funds (current investments)	2,333,194	67,552
Unspent liabilities no longer required written back	10,002	571,249
	<u>157,842,671</u>	<u>36,642,913</u>
<b>3.18 Construction costs</b>		
<b>Incurred during the year:</b>		
Construction costs	42,841,949	67,659,462
Depreciation	660,377	825,471
Other expenses	4,458,369	14,738,447
	<u>47,960,695</u>	<u>83,223,380</u>
<b>3.19 Decrease / (increase) in inventories of project work-in-progress</b>		
Opening project work-in-progress	417,508,557	336,698,381
Less: Closing project work-in-progress	394,762,805	417,508,557
	<u>22,745,752</u>	<u>(80,810,176)</u>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) for the year ended 31 March 2016

(Amount in Indian rupees)

	2016	2015
<b>3.20 Employee benefits expense</b>		
Salaries, bonus and allowances	8,798,563	6,450,155
Contribution to funds	290,249	90,177
Staff welfare expenses	345,403	345,126
	<u>9,434,215</u>	<u>6,885,458</u>
<b>3.21 Finance costs</b>		
Interest expense		
- on term loans	35,943,967	43,711,248
- on vehicle loan	8,816	60,660
- on others	715,473	36,340
	<u>36,668,256</u>	<u>43,808,248</u>
<b>3.22 Other expenses</b>		
Rent	2,457,900	2,457,900
Rates and taxes	9,050	52,290
Repairs and maintenance		
- others	-	77,231
Insurance	100,572	111,348
Bank Charges	-	11,375
Advertisement expenses	997,595	694,036
Brokerage and commission	1,288,162	632,226
Travelling and conveyance	213,271	31,372
Communication expenses	201,565	62,613
Legal and professional fees	77,830	220,742
Payment to auditors (refer note below)	357,701	354,922
Provision for bad and doubtful advances	-	5,000,000
Fees for transfer of rights in flat	1,248,555	-
Miscellaneous expenses	2,481,515	947,290
	<u>9,433,716</u>	<u>10,653,345</u>
<b>Note: Payment to auditors</b>		
As auditor	325,000	325,000
Statutory audit	32,701	29,922
Reimbursement of expenses	<u>357,701</u>	<u>354,922</u>



# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts

#### a) Earnings / (loss) per equity share

Particulars	2016	2015
Net profit / (loss) after tax attributable to equity shareholders (A)	101,855,997	(27,448,942)
Number of equity shares at the beginning of the year	503,900	503,900
Number of equity shares outstanding at the end of the year	503,900	503,900
Weighted average number of equity shares outstanding during the year (B)	503,900	503,900
Basic and diluted earnings / (loss) per equity share (A/B) (Face value of Rs 10 per share)	202.14	(54.47)

#### b) Contingent liabilities and commitments (to the extent not provided for)

##### Contingent Liabilities

Particulars	2016	2015
Claims against the Company not acknowledged as debts and disputed by the Company in respect of Income tax matters	4,003,550	3,394,750

##### Commitments

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	-	-
--	---	---

#### c) Segment information

The Company is operating in the real estate industry and operates only in India. The Company has only one reportable business segment, which is development of real estate and infrastructure facilities and has only one reportable geographical segment. Accordingly, these financial statements are reflective of the information required by the Accounting Standard on Segment Reporting (AS-17), for the real estate development segment.



# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures

#### d) Related party disclosures:

##### Names of related parties:

##### Names of related parties where control exists

Holding company

Shrachi Developers Private Limited

##### Names of other related parties with whom transactions have taken place

Associates

Intelligent Infrastructure Limited  
Intelligent Structures Private Limited  
Pawanputra Tradecom Private Limited  
Indraprastha Farms Private Limited

Key Management Personnel

Rahul Todi (Director)  
Sanjeev Agarwal (Director)  
Shrawan Kumar Todi (resigned as Director on 17 March 2016)

Relatives of Key Management Personnel

Monika Agarwal - wife of Sanjeev Agarwal

Enterprises owned or significantly influenced by key management personnel or their relatives

Bengal NRI Complex Limited  
Bengal Shrachi Housing Development Limited  
Ideal Heights Private Limited  
Rosedale Developers Private Limited  
Shrachi Virtuous Retail Projects Private Limited  
Newtown Dwellers Private Limited  
Anchor Apartments Private Limited  
Shrawan Kumar Ravi Todi HUF  
Rahul Todi HUF  
Bhagwan Ram Sita Seva Nidhi  
Brijlal Shrawan Kumar HUF  
Brijlal Todi HUF  
Chitra Family Trust  
Lakshmi Saraswati Kosh  
Ravi Todi Family Trust  
Ravi Todi HUF  
Sri Balaji Nidhi  
Anchor Apartments Private Limited (till resignation of Shrawan Kumar Todi)



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### (d) Related party transaction (continued)

Nature of transaction	Associates		Key management personnel		Relatives of key management personnel		Enterprises owned or significantly influenced by key management personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Dividend income</b>										
Ideal Heights Private Limited	-	-	-	-	-	-	-	300,000	-	300,000
Bengal NRI Complex Limited	-	-	-	-	-	-	53,932,500	23,265,000	53,932,500	23,265,000
Rosedale Developers Private Limited	-	-	-	-	-	-	4,500,000	-	4,500,000	-
<b>Interest income</b>										
Intelligent Structures Private Limited	-	1,840,543	-	-	-	-	-	-	-	1,840,543
Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	898,755	4,110,256	898,755	4,110,256
<b>Proceeds from sale of optionally convertible preference shares by</b>										
Intelligent Infrastructure Limited (Profit on sale - Rs 66,315,938)	90,000,000	-	-	-	-	-	-	-	90,000,000	-
<b>Profit on transfer of rights in flats</b>										
Rosedale Developers Private Limited	-	-	-	-	-	-	-	6,467,005	-	6,467,005
<b>Commission expenses</b>										
Rosedale Developers Private Limited	-	-	-	-	-	-	-	181,658	-	181,658
<b>Rent expenses</b>										
Shrawan Kumar Ravi Todi HUF	-	-	-	-	-	-	285,000	285,000	285,000	285,000
Rahul Todi HUF	-	-	-	-	-	-	447,000	447,000	447,000	447,000
Bhagwan Ram Sita Seva Nidhi	-	-	-	-	-	-	345,000	345,000	345,000	345,000
Brijlal Shrawan Kumar HUF	-	-	-	-	-	-	192,900	192,900	192,900	192,900
Brijlal Todi HUF	-	-	-	-	-	-	300,000	300,000	300,000	300,000
Chitra Family Trust	-	-	-	-	-	-	348,000	348,000	348,000	348,000
Sri Balaji Nidhi	-	-	-	-	-	-	210,000	210,000	210,000	210,000
Ravi Todi Family Trust	-	-	-	-	-	-	330,000	330,000	330,000	330,000
<b>Fees for transfer of rights in flat</b>										
Bengal NRI Complex Limited	-	-	-	-	-	-	1,248,555	-	1,248,555	-
<b>Electricity, repair and maintenance expenses</b>										
Anchor Apartments Private Limited	-	-	-	-	-	-	-	355,680	-	355,680
<b>Remuneration</b>										
Sanjeev Agarwal	-	-	3,200,000	3,115,884	-	-	-	-	3,200,000	3,115,884
Monika Agarwal	-	-	-	-	-	-	-	-	1,400,000	1,400,000





# Shrachi Realty Private Limited

## Notes to the financial statements (continued) for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### (d) Related party transaction (continued)

Nature of transaction	Associates		Key management personnel		Relatives of key management personnel		Enterprises owned or significantly influenced by key management personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Advance for project given</b> Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	234,760,771	62,100,584	234,760,771	62,100,584
<b>Advance for purchase of land / properties</b> Indraprastha Farms Private Limited	978,000	820,000	-	-	-	-	-	-	978,000	820,000
<b>Advance for purchase of flats given</b> Bengal NRI Complex Limited	-	-	-	-	-	-	47,875,590	17,820,913	47,875,590	17,820,913
<b>Loan given received back</b> Newtown Dwellers private Limited Intelligent Structure Private Limited	-	-	-	-	-	-	-	1,250,000	-	1,250,000
<b>Advance for project given received back</b> Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	251,000,771	59,973,950	251,000,771	59,973,950
<b>Advance given for purchase of flats reversed on account of sale</b> Bengal NRI Complex Limited Rosdale Developers Private Limited	-	-	-	-	-	-	34,312,375	1,622,250	34,312,375	1,622,250
<b>Other receivables received</b> Rosdale Developers Private Limited	-	-	-	-	-	-	30,082,121	-	30,082,121	-
<b>Balance outstanding at year end - Receivable :</b> <b>Advance against projects</b> Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	78,800,059	95,040,059	78,800,059	95,040,059
<b>Advance against purchase of flats</b> Bengal NRI Complex Limited Rosdale Developers Private Limited	-	-	-	-	-	-	96,836,487	83,273,272	96,836,487	83,273,272
<b>Advance for purchase of land</b> Indraprastha Farms Private Limited	7,568,000	6,590,000	-	-	-	-	-	-	7,568,000	6,590,000



# Shrachi Realty Private Limited

## Notes to the financial statements (continued) for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### (d) Related party transaction (continued)

Nature of transaction	Associates		Key management personnel		Relatives of key management personnel		Enterprises owned or significantly influenced by key management personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Interest receivable</b>										
Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	808,877	3,699,229	808,877	3,699,229
<b>Other receivables</b>										
Rosedale Developers Private Limited	-	-	-	-	-	-	-	30,082,121	-	30,082,121
Bengal Shrachi Housing Development Limited	-	-	-	-	-	-	338,210	-	338,210	-
<b>Payables</b>										
Sanjeev Agarwal	-	-	168,657	350,657	-	-	-	-	168,657	350,657
Monika Agarwal	-	-	-	-	-	154,995	-	-	-	154,995
Shrawan Kumar Ravi Toddi HUF	-	-	-	-	-	-	256,500	256,500	256,500	256,500
Rahul Toddi HUF	-	-	-	-	-	-	804,600	402,300	804,600	402,300
Bhagwan Ram Sita Seva Nidhi	-	-	-	-	-	-	621,000	310,500	621,000	310,500
Brijljal Shrawan Kumar HUF	-	-	-	-	-	-	173,610	173,610	173,610	173,610
Brijljal Toddi HUF	-	-	-	-	-	-	540,000	270,000	540,000	270,000
Chitra Family Trust	-	-	-	-	-	-	626,400	313,200	626,400	313,200
Sri Balaji Nidhi	-	-	-	-	-	-	189,000	189,000	189,000	189,000
Ravi Toddi Family Trust	-	-	-	-	-	-	594,000	297,000	594,000	297,000
Anchor Apartments Private Limited	-	-	-	-	-	-	-	108,193	-	108,193



# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### e) Due to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in the following disclosures:

	2016	2015
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	-	-
- Interest	-	-
b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

#### f) Disclosure pursuant to Accounting standard – 15 (Revised) 'Employee Benefits'

##### 1) General description

###### Compensated absences (Other long term employment benefit):

The leave wages are payable to all eligible employees at the rate of daily basic salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age. The liability towards compensated absences for the year ended 31 March 2016 based on actuarial valuation using the projected accrued benefit method amounting to Rs 262,973 (2015: Rs 140,406) has been recognised in the Statement of Profit and Loss.

###### Gratuity (Defined benefit plan):

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on death or resignation or retirement calculated as per the Payment of Gratuity Act with no ceiling.



# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### f) Disclosure pursuant to Accounting standard – 15 (Revised) 'Employee Benefits' (continued)

- 2) The following table summarizes the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Gratuity	2016	2015
<b>I Expenses recognised in Statement of Profit and Loss</b>		
Current service cost	234,372	156,233
Interest cost on benefit obligation	71,508	61,795
Expected return on plan assets	(57,664)	(44,496)
Net actuarial loss/(gain) recognised in the year	570,876	(96,120)
Acquisition adjustment	(674,622)	-
Expenses included in 'Employee benefits expenses' (refer note 3.20)	144,470	77,412
<b>II Liability recognised in balance sheet</b>		
Defined benefit obligation	1,767,093	904,368
Plan asset	1,058,446	678,401
Net liability recognised in balance sheet	708,647	225,967
<b>III Movement in present value of defined benefit obligation</b>		
Opening defined benefit obligation	904,368	772,435
Interest cost	71,508	61,795
Current service cost	234,372	156,233
Benefits paid	(21,030)	-
Actuarial loss/(gain) on obligation	577,875	(86,095)
Present value of obligations at the year end	1,767,093	904,368
<b>IV Movement in fair value of plan assets</b>		
Opening fair value of plan assets	678,401	494,405
Expected return	57,664	44,496
Contributions by employer	336,412	129,475
Benefits paid	(21,030)	-
Actuarial gain on plan assets	6,999	10,025
Fair value of plan assets at the year end	1,058,446	678,401
<b>V Actual return on plan assets</b>		
Expected return on plan assets	57,664	44,496
Actuarial gain on plan assets	6,999	10,025
Actual return on plan assets	64,663	54,521
<b>VI Investment detail of plan assets</b>		
Plan asset, for gratuity payable to employees, available with the Company is an Insurer managed fund by Life Insurance Corporation of India (100%).		
<b>VII The Principal actuarial assumptions are:</b>		
Discount rate	8.00% p.a	8.00% p.a
Salary increase	10.00% p.a	10.00% p.a
Withdrawal rate	10 per thousand p.a. 6 above age 45 3 between 29 and 45 1 below age 29	10 per thousand p.a. 6 above age 45 3 between 29 and 45 1 below age 29

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.



# Shrachi Realty Private Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (continued)

#### f) Disclosure pursuant to Accounting standard – 15 (Revised) 'Employee Benefits' (continued)

##### VIII Experience adjustments:

Amount for current and previous four years are as follows

	2016	2015	2014	2013	2012
Defined benefit obligation	1,767,093	904,368	772,435	659,445	255,969
Fair value of Plan assets	1,058,446	678,401	494,405	433,968	289,315
Surplus/ (Deficit)	(708,647)	(225,967)	(278,030)	(225,477)	33,346
Experience adjustment on plan liabilities [(gain)/loss]	577,875	(149,055)	(38,000)	68,194	151,250
Experience adjustment on plan assets [gain/(loss)]	10,391	8,789	(1,724)	29,445	19,630

##### Investment detail of plan assets:

Plan asset, for gratuity payable to employees, available with the Company is an Insurer managed fund by Life Insurance Corporation of India (100%).

The overall expected long-term rate of return on assets is **8.50%** (2015: 9.00%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

- g) Non interest bearing advance against project include **Rs 78,800,059** given, pursuant to memorandum of understanding (MOU) dated 1 April 2008 between the Company and Bengal Shrachi Housing Development Limited (BSHDL), an advance to BSHDL to be used for acquisition of 14 acres (approx.) land at Mouza Baligori, JL 34, Rajarhat, 24 Paraganas North for the purpose of development of residential / commercial properties. In terms of the said MOU, upon complete acquisition / registration, the said land for the purpose of above project development, would be transferred to a Special Purpose Vehicle (SPV) "Shrachi Virtuous" as specified in the Rajarhat Shareholders Agreement dated July 1, 2008 wherein the Company's above deposits shall be converted at a future date into such number of equity shares as may be determined in accordance with terms and conditions specified in the above agreement and supplements thereof. In the event, BSHDL fails to fulfill its obligation under the MOU, the entire amount of deposit is refundable along with interest at 12% per annum.

The Company had also given interest bearing advance as per the terms of supplementary MOU dated 25 January 2011 of **Rs Nil** (2015 : Rs 16,240,000). During the current year, the Company had on different dates given further interest bearing advance of **Rs 234,760,771**. The Company also received back on various dates from BSHDL an amount aggregating to **Rs 251,000,771**.

#### h) Operating lease

The Company has taken office on operating lease arrangements. Minimum lease payment charged during the year to the Statement of Profit and Loss aggregated to **Rs 2,457,900** (2015 : Rs 2,457,900).



# Shrachi Realty Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Amount in Indian rupees)

### 4 Notes to accounts (*continued*)

i) Inventories include the project "Shrachi Greens" amounting to **Rs 273,948,173** (2015: 271,091,863) located at Jamshedpur, Jharkhand. The Company had launched the said project in the year 2009 but it is yet to receive the sanction / project approval for 94% of land area from the appropriate regulatory authority, accordingly the management has temporarily suspended this project. The management is in process of obtaining the sanction / project approval from appropriate regulatory authority.

### j) *Disclosure under Section 186 of the Companies Act, 2013*

The operations of the Company are classified as 'infrastructure facilities' as defined under Schedule III to the Act. Accordingly, the disclosure requirements specified in sub-section 4 of Section 186 of the Act in respect of loans given, investment made or guarantee given or security provided and the related disclosures on purposes/ utilisation by recipient companies, are not applicable to the Company.

### k) *Other matters*


Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

  
Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 23 September 2016



For and on behalf of the Board of Directors of

**Shrachi Realty Private Limited**

CIN - U70101WB2007PTC117468



Rahul Todi

Director

DIN : 00080441

Place: Kolkata

Date: 23 September 2016



Sanjeev Agarwal

Director

DIN : 00080755