



Rupesh Parikshit & Associates

Chartered Accountants

House No. 1238, Sector 22-B, Chandigarh

Website: rpaadvisor.com

Ph. No. 0172-2712492

Independent Auditor's Report

To the Members of **SPACE TOWERS PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Space Towers Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 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.

Auditor's 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 there under.

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 auditor's judgment, 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 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

a) Note 35 in the financial statements

The Company has filed an application under clause 7(5) of Haryana Alternative Tax Compliance Scheme for Contractors, 2016, for the period upto 31st March, 2014, which has been accepted by the competent authority and the VAT department has completed the assessment and demanded amount has been paid in full for period till 31st March, 14. The assessment for subsequent year is pending / in progress, as on the close of the year, accordingly VAT amount has been demanded from the customers and Rs.2.96 crores for subsequent years, has been paid towards payment of VAT liability till 31st March, 2017. Adjustment, if any, arising out of the proceedings will be provided on finality.

b) Note 36 in the financial statements

Pursuant to Search conducted on business premises of the Company, including all its Directors, on 17th February, 2016, the company had filed an application before the Settlement commission, u/s 245C of the Income Tax Act, 1961, for settlement of issues and paid tax and interest thereon, amounting to Rs.29.18 crores on the income disclosed in the application. The Honorable Settlement Commission, vide its order dated 24th May, 2018, has allowed the application and no further tax is payable for the applied years.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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) The emphasis of matters paragraph above, in our opinion, does not have any adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) 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'.
- 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: New Delhi
Date: 31/08/2018

For Rupesh Parikshit & Associates
Chartered Accountants

FRN: 047309N



Parikshit Aggarwal
(Partner)

Membership No. 096951



Rupesh Parikshit & Associates

Chartered Accountants

House No. 1238, Sector 22-B, Chandigarh

Website: rpaadvisor.com

Ph. No. 0172-2712492

Annexure 'A'

The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".

We report that:

- i.
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties are held in the name of the company.
- ii. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. The company has granted loan to a party covered in the register maintained under section 189 of the Companies Act, 2013 wherein the balance receivable at the year-end was Rs.130.50 lacs. The maximum amount outstanding during the year was Rs.130.50 lacs. The company has also taken loan from a party covered in the register maintained under section 189 of the Companies Act, 2013 wherein the balance payable as at the year-end was Rs.3,726 lacs. The maximum amount outstanding during the year was Rs.4,010 lacs.
 - a. The terms and conditions of the grant/taken of such loans are not prejudicial to the company's interest;
 - b. The terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand with interest, as applicable.
 - c. Since the term of arrangement do not stipulate any repayment schedule and the loans are repayable on demand, no question of overdue amounts will arise in respect of the loans granted/taken to/from the parties listed in the register maintained u/s 189 of the Act.
- iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The company has not accepted any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013.
- vi. We have reviewed the cost records maintained by the company as prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained.



- a. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2018 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there is no amount payable in respect of Income Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess whichever applicable, which have not been deposited on account of any disputes.
- viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- ix. Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or taken any term loan during the year.
- x. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The company is a private limited company. Hence the provisions of clause xi) of the order are not applicable to the company.
- xii. The company is not a Nidhi Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: New Delhi
Date: 31/08/2018

For Rupesh Parikshit & Associates
Chartered Accountants
FRN: 017309N

Parikshit Aggarwal
(Partner)
Membership No. 096951





Rupesh Parikshit & Associates

Chartered Accountants

House No. 1238, Sector 22-B, Chandigarh

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Annexure 'B'

Report on Internal Financial Controls over Financial Reporting

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 Spaze Towers Private Limited ("the Company") as of March 31, 2018 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

Place: New Delhi
Date: 31/08/2018

For Rupesh Parikshit & Associates
Chartered Accountants
FRN: 017309N

Parikshit Aggarwal
(Partner)
Membership No. 096951



SPAZE TOWERS PRIVATE LIMITED

| | |
|-------------------------|--|
| Address | A-307, Ansal Chambers-I, 3, Bikaji Cama Place, New Delhi-110066 |
| Date of Incorporation | 27.1.2006 |
| Status | Company |
| Financial Year | 2017-18 |
| Assessment Year | 2018-19 |
| Parmanent Account No. | AACCK8088R |
| Income Tax Circle/ ward | Central Circle - II, Faridabad |

COMPUTATION**Income from Business or Profession**

| | | |
|--|-------------|---------------|
| Net Profit before tax | | 4,78,28,558 |
| Add : Depreciation as per Co. act | | 3,13,39,416 |
| Add : CSR Expenses | | 1,06,444 |
| Add: Prior Period Items | | - |
| Add: Bonus (charged to Statement of Profit and Loss) | | 32,79,937 |
| Add: Privilege Leave (charged to Statement of Profit and Loss) | | 10,92,171 |
| Add: Donation | | - |
| Add: Gratuity Provision(charged to Statement of Profit and Loss) | | 9,82,590 |
| Add: Interest on Income Tax | | - |
| Add: Disallowance U/s 40A(ia) | | 27,60,481 |
| | | 8,73,89,597 |
| Less: Depreciation as per I T Act. | | 3,80,41,427 |
| Less: Bonus Paid | | 35,88,706 |
| Less: Privilege Leave Paid | | 2,94,910 |
| Less: Gratuity Paid | | 6,93,097 |
| Less : Profit on sale on Fixed Assets | | 15,56,046 |
| | | 4,32,15,411 |
| Less: Deduction u/s 80G | | - |
| Taxable Income | | 4,32,15,411 |
| R/off | | 4,32,15,410 |
| Tax on net taxable income @ 30% | | 1,29,64,623 |
| Surcharge on Income Tax @ 7% | | 9,07,524 |
| Educational cess @3% | | 4,16,164 |
| Total Tax Due | | 1,42,88,311 |
| Less: | | |
| Advance Tax Paid | | |
| Self Assessment Tax Paid | | |
| Tax Deducted at Source | 2,47,82,843 | |
| TCS | - | 2,47,82,843 |
| Add: Interest | | |
| Interest u/s 234B | - | |
| Interest u/s 234C | - | |
| NET TAX PAYABLE | | (1,04,94,532) |



SPAZE TOWERS PVT LTD
Cash Flow Statement for the year ended March 31, 2018

| PARTICULARS | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|----------------------------------|----------------------------------|
| | Rs. | Rs. |
| A. Cash Flow From Operating Activity | | |
| Net Profit before Tax, Appropriation, and Extra-Ordinary Items | 4,78,28,558 | 4,01,79,223 |
| Adjustment for Non Cash and Non Operating Items | | |
| Add: | | |
| Depreciation | 3,13,39,416 | 4,24,60,303 |
| Interest and Financial Charges | 1,15,48,654 | 98,35,911 |
| Less: | | |
| Income from Mutual Fund | 29,85,408 | 6,66,043 |
| Interest Income | 1,30,93,903 | 95,88,194 |
| Profit on sale of Fixed Asset | 15,56,046 | 25,37,356 |
| Operating Profit before Working Capital Changes | 7,30,81,271 | 7,96,83,844 |
| Add: Exceptional Items (Earlier Years) | 11,30,60,000 | 31,35,05,022 |
| Add: Decrease/(Increase) in current assets and Increase/(Decrease) in current liabilities | | |
| Trade Recivables and Other Assets | (13,95,71,880) | 6,66,50,861 |
| Inventories | (7,40,31,532) | (23,56,97,719) |
| Trade Payables and Other Current Liabilities | (30,19,16,784) | 10,55,99,482 |
| Provision for gratuity | 2,89,493 | (13,701) |
| Cash generated from operation | (32,90,89,432) | 32,97,27,789 |
| Less: Taxes Paid during the year | 1,42,88,320 | 32,16,84,626 |
| Net Cash From Operating Activity (A) | (34,33,77,752) | 80,43,163 |
| B. Cash Flow From Investing Activity | | |
| Add: | | |
| Sale of Fixed Asset | 92,25,000 | 1,46,79,208 |
| Sale of Investment | - | - |
| Income from Mutual Fund | 29,85,408 | 6,66,043 |
| Interest Received | 1,30,93,903 | 95,88,194 |
| Less: | | |
| Purchase of Investment | - | 8,01,66,043 |
| Purchase of Fixed Asset | 6,04,392 | 7,45,137 |
| Net Cash Flow From Investing Activity (B) | 2,46,99,919 | (5,59,77,735) |
| C. Cash Flow From Financing Activity | | |
| Add: | | |
| Proceeds from Unsecured Loans | 57,30,70,000 | 49,30,00,000 |
| Proceeds from secured Loans | 40,23,74,220 | 15,00,00,000 |
| Less: | | |
| Repayment of Unsecured Loans | 22,86,06,538 | 20,00,50,000 |
| Repayment of Secured Loans | 32,95,60,894 | 35,14,04,178 |
| Interest and Finance Charges | 1,15,48,654 | 49,79,373 |
| Net Cash Flow From Financing Activity (C) | 40,57,28,134 | 8,65,66,449 |
| Net Increase in cash and cash equivalents (A+B+C) | 8,70,50,301 | 3,86,31,877 |
| Add: Cash and cash equivalents at the beginning of the year | 5,64,16,471 | 1,77,84,594 |
| Cash and cash equivalents at the end of the year | 14,34,66,772 | 5,64,16,471 |

As per our Report of even date
For RUPESH PARIKSHIT & ASSOCIATES
 Firm Registration No: 017309M
 Chartered Accountants

PARIKSHIT AGGARWAL
 Partner
 Membership No: 096951

Place: New Delhi
 Date: 31st August 2018

For and on behalf of the Board of Directors

Aman Sharma
 (Director)
 (DIN: 00381637)

Bharat Bhushan Kumar
 (Director)
 (DIN: 00064687)

Harpal Singh Chawla
 (Director)
 (DIN: 00516241)

Gagan Mahajan
 (Company Secretary)
 (Membership No. A34028)



SPAZE TOWERS PVT LTD
BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars | Notes | AS AT 31.03.2018 | AS AT 31.03.2017 |
|---------------------------------------|-------|-----------------------|-----------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| <u>Shareholders' Funds</u> | | | |
| Share Capital | 2 | 19,80,00,000 | 19,80,00,000 |
| Reserves & Surplus | 3 | 51,76,47,083 | 37,07,33,519 |
| <u>Non-current Liabilities</u> | | | |
| Long Term Borrowings | 4 | 1,20,56,28,763 | 79,83,51,975 |
| Long Term Provisions | 5 | 45,45,246 | 42,90,948 |
| <u>Current Liabilities</u> | | | |
| Trade Payables | 6 | 34,83,71,345 | 36,64,35,741 |
| Other Current Liabilities | 7 | 3,27,98,83,372 | 3,56,37,35,760 |
| Short-term Provisions | 8 | 2,17,553 | 1,82,358 |
| TOTAL | | 5,55,42,93,362 | 5,30,17,30,301 |
| <u>ASSETS</u> | | | |
| <u>Non-current Assets</u> | | | |
| Fixed Assets | | | |
| Tangible Assets | | 18,32,90,037 | 22,17,06,297 |
| Intangible Assets | | 4,93,565 | 4,81,283 |
| | 9 | 18,37,83,602 | 22,21,87,580 |
| Non-Current Investments | 10 | 22,12,09,232 | 22,12,09,232 |
| Deferred tax assets (net) | 11 | 2,52,15,988 | 2,49,02,661 |
| Long Term Loans & Advances | 12 | 2,34,16,128 | 2,49,74,788 |
| <u>Current Assets</u> | | | |
| Current Investments | 13 | - | 8,01,66,043 |
| Inventories | 14 | 3,81,34,18,061 | 3,73,93,86,529 |
| Trade Receivables | 15 | 65,12,43,697 | 51,41,41,925 |
| Cash and Bank Balances | 16 | 38,03,04,722 | 22,34,90,708 |
| Short Term Loans & Advances | 17 | 25,57,01,932 | 25,12,70,835 |
| TOTAL | | 5,55,42,93,362 | 5,30,17,30,301 |
| SIGNIFICANT ACCOUNTING | 1 | | |

The Notes form an integral part of these financial statements

As per our Report of even date

For **RUPESH PARIKSHIT & ASSOCIATES**

Firm Registration No: 017309N

Chartered Accountants

PARIKSHIT AGGARWAL

Partner

Membership No: 096951

Aman Sharma
(Director)

(DIN: 00381637)

For and on behalf of the Board of Directors

Bharat Bhushan Kumar
(Director)

(DIN: 00064687)

Harpal Singh Chawla
(Director)

(DIN: 00516241)

Gagan Mahajan

(Company Secretary)

(Membership No. A34028)

Place: New Delhi

Date: 31st August 2018

SPAZE TOWERS PVT LTD
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | Notes | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|-------|----------------------------------|-------------------------------------|
| | | Rs. | Rs. |
| <u>Income</u> | | | |
| Revenue from Operations | 18 | 2,02,54,83,778 | 1,51,84,10,823 |
| Other Income | 19 | 3,65,71,398 | 2,65,89,381 |
| Total Revenue | | 2,06,20,55,176 | 1,54,50,00,204 |
| <u>Expenses</u> | | | |
| Project Expenses | 20 | 1,91,67,04,148 | 1,56,51,40,599 |
| Changes in Inventories | 21 | (7,40,31,532) | (23,56,97,719) |
| Employee Benefits Expense | 22 | 7,26,19,918 | 7,45,18,800 |
| Finance Costs | 23 | 1,15,48,654 | 98,35,911 |
| Depreciation and Amortization Expense | 24 | 3,13,39,416 | 4,24,60,303 |
| Other Expenses | 25 | 5,60,46,014 | 4,85,63,087 |
| Total Expenses | | 2,01,42,26,618 | 1,50,48,20,981 |
| Profit/ (Loss) before tax | | 4,78,28,558 | 4,01,79,223 |
| Tax Expense : | | | |
| i) Current Tax | | 1,42,88,320 | 2,27,46,496 |
| ii) Deferred Tax | | (3,13,326) | (31,37,058) |
| Profit/ (Loss) for the Year | | 3,38,53,564 | 2,05,69,785 |
| Earning Per Equity Share (On Shares of nominal value of Rs 10/- each) | | | |
| Basic | | 1.71 | 1.04 |
| Diluted | | 1.71 | 1.04 |

SIGNIFICANT ACCOUNTING POLICIES

1

The Notes form an integral part of these financial statements

As per our Report of even date

For RUPESH PARIKSHIT & ASSOCIATES

Firm Registration No: 017309N

Chartered Accountants

PARIKSHIT AGGARWAL

Partner

Membership No: 096951



Place: New Delhi

Date: 31st August 2018

For and on behalf of the Board of Directors

Aman Sharma
(Director)
(DIN: 00381637)

Bharat Bhushan Kumar
(Director)
(DIN: 00064687)

Harpal Singh Chawla
(Director)
(DIN: 00516241)

Gagan Mahajan
(Company Secretary)
(Membership No. A34028)

Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The accounts have been prepared under historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in exercise of the powers conferred under sub-section(1) (a) of the section 642 of the companies Act, 1956 and other guidance notes issued by Institute of Chartered Accountants of India to the extent applicable are adopted consistently by the Company.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require Management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the period in which these revisions are made.

c) Fixed Assets

Tangible assets are stated at Historical cost (Gross Block) less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Cost comprises the acquisition price, development cost and any attributable/ allocable incidental cost of bringing the assets to its working condition for its intended use.

d) Depreciation and Amortization

Depreciation on fixed assets is charged on the written down value method using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule II of the companies Act, 2013, whichever is higher.

Amortization of intangible assets (software) is provided on Written down Value method using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule II of the companies Act, 2013, whichever is higher.

e) Investments

Investments are classified as Long Term or Current, based on the management's intention at the time of making investments. Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-term Investments.

Trade Investments are the investments made for or to enhance the Company's business interests. Current investments are stated at the lower of cost or fair market value determined on an individual investment basis. Long-term investments are stated at cost and provision for diminution in their value, if any, in the opinion of the management, is recognized in the accounts. Profit/loss on sale of investments is computed with reference to the average cost of the investment.



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

f) Inventories

Work -in- Progress in respect of construction activities is valued at cost.

Inventories other than work-in-progress are valued at cost or market value, whichever is lower.

Work-in-progress includes land acquisition costs, internal development costs, external development costs, construction costs and other costs directly relating to the construction activities.

g) Revenue Recognition

a) The Company follows "Percentage of Completion Method" of accounting for construction projects. Construction projects include residential, institutional and commercial projects. As per this method, the revenue is recognized in proportion to the actual costs incurred as against the total estimated cost of the projects under execution subject to the actual cost being 30% or more of the total estimated cost, except where construction has not started.

b) The estimates relating to saleable area, sale value, estimated costs etc., are revised and updated periodically by the Management and necessary adjustments are made in the current year's accounts.

c) Project expenditure bills received till the close of the year, are accounted for in such year. Difference, if any arising upon final measurement and certification of such bills are recognized in the year in which such bills are certified.

d) Indirect costs are treated as "Period Costs" and are charged to the Statement of Profit & Loss in the year in which they are incurred.

e) Whereas all incomes and expenses are accounted for on accrual basis, interest on delayed payments by customers against dues, and other intermittent charges recovered from customers are recognized in the accounts on realization of payment, owing to the practical difficulties and uncertainties involved. Any sum payable by way of tax, cess, levies, charges etc payable to government agencies, is accounted for on payment thereof. Further, Expenditure under the head of project expenditure is net of income directly attributable to such expenses, if any and vice versa.

h) Cost of Revenue

Cost of constructed properties include cost of land (including land under agreements to purchase), estimated internal development costs, external development charges, construction costs, development/construction materials and other related costs, which is charged to the Statement of Profit & Loss based on the percentage of revenue recognized as per accounting policy, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

i) Borrowing Costs

Borrowing costs that are attributable to acquisition or construction / development of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale. Any recoveries from customers etc on account of such costs is reduced from it. All other borrowing costs are charged to statement of Profit and Loss.



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

j) Provision for Taxation

- a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) Deferred Tax is recognized, subject to consideration of prudence, in respect of deferred tax Assets/Liabilities arising on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax in respect of differential income due to accounting of sales on percentage completion basis, being not determinate, is not recognized.

k) Foreign Currency Transaction
Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate.

Exchange Difference

The difference in transaction of monetary assets and liabilities and realized gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Statement of Profit & Loss.

Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted in the carrying amount of the fixed assets.

l) Retirement Benefits

a. Short-term Employee Benefits

Short term employee benefits are charged off, at the undiscounted amount, in the year in which the related service is rendered. These benefits include salaries, bonus and performance incentives etc.

b. Post-employment Benefit Plans

i) Defined Contribution Plans:

The Company's contribution paid/payable towards Provident fund is recognized as an expense in the Statement of Profit & Loss.

ii) Defined Benefits Plan:

The cost of providing defined benefits like gratuity is determined using the Projected Unit Credit Method, with actuarial valuations carried out annually as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to Statement of Profit & Loss.

iii) Other Long Term Benefits:

The Company's liability towards the un-availed earned leaves in the account of an employee is a short term liability, as all the un-availed earned leaves as at the end of a financial year are en-cashed in the first month of the next financial year, as per the policy of the Company. The liability in this regard is provided on the basis of last drawn eligible salary as at the end of the year.



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

m) Earnings Per Share

Basic Earnings per Share is calculated by dividing the Net Profit/ (Loss) for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

n) Impairment of assets

Impairment loss in the value of assets, as specified in Accounting Standard-28 is recognized whenever carrying value of such assets exceeds the market value or value in use, whichever is higher.

o) Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

| <u>PARTICULARS</u> | | AS AT 31.03.2018 Rs. | AS AT 31.03.2017 Rs. |
|---|-------------------------|----------------------------|----------------------------|
| NOTE 2 SHARE CAPITAL | | | |
| <u>Authorised :</u> | | | |
| 2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10/- each | | 25,00,00,000 | 25,00,00,000 |
| <u>Issued, Subscribed and Paid up :</u> | | | |
| 1,98,00,000 (Previous year 1,98,00,000) Equity Shares of Rs.10/- each fully paid up. | | 19,80,00,000 | 19,80,00,000 |
| | | 19,80,00,000 | 19,80,00,000 |
| a) Reconciliation of the number of shares outstanding is as follows : | | | |
| Equity Shares | | No of Shares | No of Shares |
| At the beginning of the year | | 1,98,00,000 | 1,98,00,000 |
| At the end of the year | | 1,98,00,000 | 1,98,00,000 |
| b) Details of shareholders holding more than 5% of the Equity Shares in the company: | | | |
| <u>Particulars</u> | <u>As At 31.03.2018</u> | <u>As At 31.03.2017</u> | |
| <u>Name of Shareholder</u> | <u>No. of Share</u> | <u>% holding</u> | <u>No. of Shares</u> |
| Jaspal Singh Chawla | 16,50,000 | 8.33 | 16,50,000 |
| Harpal Singh Chawla | 16,50,000 | 8.33 | 16,50,000 |
| Surinder Pal Singh Chawla | 16,50,000 | 8.33 | 16,50,000 |
| Jasbir Kaur Chawla | 16,50,000 | 8.33 | 16,50,000 |
| Marudhara (India) Pvt. Ltd. | 66,00,000 | 33.34 | 66,00,000 |
| V. Kumar Estates LLP (Formerly V. Kumar Estates Pvt. Ltd.) | 66,00,000 | 33.34 | 66,00,000 |
| c) Terms/rights attached to Equity Shares | | | |
| The company has only one class of Equity Share having par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share. | | | |
| NOTE 3 RESERVES & SURPLUS | | As At 31.03.2018 | As At 31.03.2017 |
| General Reserve | | | |
| Opening Balance | | 40,00,000 | 40,00,000 |
| Closing Balance | | 40,00,000 | 40,00,000 |
| (A) | | | |
| Surplus/ (Deficit) as per Statement of Profit & Loss | | | |
| Opening Balance | | 36,67,33,519 | 33,15,96,842 |
| Add: Profit/ (Loss) during the year | | 3,38,53,564 | 2,05,69,785 |
| Add: Exceptional Items (Earlier Years) | | 11,30,60,000 | 1,45,66,892 |
| (B) | | 51,36,47,083 | 36,67,33,519 |
| (A+B) | | 51,76,47,083 | 37,07,33,519 |



| <u>PARTICULARS</u> | | AS AT 31.03.2018 Rs. | AS AT 31.03.2017 Rs. |
|--------------------|--|----------------------------|----------------------------|
| NOTE 4 | <u>LONG -TERM BORROWINGS</u> | | |
| | <u>SECURED LOANS</u> | | |
| | <u>Vehicle Loan- From Banks:</u> | | |
| | ICICI Bank Limited | 10,05,604 | 33,35,584 |
| | HDFC Bank Limited | 38,46,994 | 99,66,989 |
| | Total | 48,52,598 | 1,33,02,573 |
| | <u>Construction Loan</u> | | |
| | ICICI Bank Limited | 26,52,25,031 | 18,90,80,711 |
| | <u>Others</u> | | |
| | Aditya Birla Finance Ltd | 72,61,006 | 8,73,12,153 |
| | India Infoline Housing Finance Limited | 8,51,70,128 | - |
| | Total | 35,76,56,165 | 27,63,92,864 |
| | Total | 36,25,08,763 | 28,96,95,437 |
| | <u>UNSECURED LOANS</u> | | |
| | From Directors | 21,33,90,000 | 9,60,56,538 |
| | From Related Parties | 62,97,30,000 | 41,26,00,000 |
| | Total | 84,31,20,000 | 50,86,56,538 |
| | Total | 1,20,56,28,763 | 79,83,51,975 |
| 4.1 | <u>Term of Repayment :</u> | | |
| | a Vehicle loans are repayable in 36 -60 equal monthly instalments as per the respective repayment schedules, rate of Interest 8%-13% p.a. | | |
| | b Construction Loan from ICICI Bank is payable in installements commencing from August, 2018 to January, 2021 | | |
| | c Loans from Aditya Birla Finance Limited is repayable in 144 & 216 monthly installements commencing from date of borrowing. | | |
| | d Unsecured Loans are repayable on demand after expiry of 3 years and carry interest @ 8%-12% p.a., wherever applicable. | | |
| | e Loan from IIHFL is repayable in 180 monthly instalments commencing from March 2018 to March 2033. | | |
| 4.2 | Vehicle loans are secured by hypothecation of vehicles financed by them. | | |
| 4.3 | Construction Loan from ICICI Bank is secured by equitable mortgage of two projects and hypothecation of its receivables, 8 units of Project Palazzo and by personal guarantees of directors of the company. | | |
| 4.4 | Loan from Aditya Birla Finance Limited is secured by equitable mortgage of immovable properties owned by directors and relatives and their respective personal guarantees. | | |
| 4.5 | Loan from India Infoline Housing Finance Limited is secured by mortgage of 20 units in Project Palazzo and immovable property owned by company in which director is interested. | | |
| NOTE 5 | <u>LONG TERM PROVISIONS</u> | | |
| | Provision for Gratuity | 45,45,246 | 42,90,948 |
| | | 45,45,246 | 42,90,948 |
| NOTE 6 | <u>TRADE PAYABLES</u> | | |
| | Micro, Small and Medium Enterprises | | |
| | Others | | |
| | - From Related Party | 9,21,02,673 | 8,29,50,871 |
| | - From Others | 25,62,68,672 | 28,34,84,870 |
| | | 34,83,71,345 | 36,64,35,741 |
| NOTE 7 | <u>OTHER CURRENT LIABILITIES</u> | | |
| | Current maturities of long-term borrowings | 15,60,84,683 | 21,58,74,631 |
| | Security deposits and Retention Money | 52,26,82,681 | 44,01,23,223 |
| | Book Overdraft with Banks | 40,86,667 | 1,44,10,366 |
| | Overdraft Facility with Bank - ICICI Bank Limited * | 3,50,82,713 | 3,49,23,444 |
| | Overdraft Facility with Bank - ANDHRA Bank Limited * | 8,43,00,617 | 5,73,91,467 |
| | Booking and Project Advance | 2,43,01,70,487 | 2,76,06,19,084 |
| | Duties & Taxes | 2,67,36,448 | 2,07,18,975 |
| | Expenses Payable | 2,07,39,076 | 1,96,74,570 |
| | | 3,27,98,83,372 | 3,56,37,35,760 |
| | * Overdraft facility from ICICI Bank is secured by equitable mortgage of two projects and hypothecation of its receivables, 8 units of Project Palazzo and by personal guarantees of directors of the company. | | |
| | * Overdraft facility from Andhra Bank is secured by pledge of Fixed Deposits. | | |
| NOTE 8 | <u>SHORT-TERM PROVISIONS</u> | | |
| | (a) Provision for employee benefits - Provision for Gratuity | 2,17,553 | 1,82,358 |
| | | 2,17,553 | 1,82,358 |



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

NOTE 9 FIXED ASSETS

| S.No. | Particulars | Gross Block | | | Depreciation/Amortization | | Net Block | | (Rupees) |
|-------|---------------------|---------------------|-------------|---------------------|---------------------------|-----------------|---------------|---------------------|---------------------|
| | | As at 01.04.2017 | Additions | Sale/ Adjustment | As at 31.03.2018 | For the Year | Adjustment | As at 31.03.2018 | As at 31.03.2017 |
| A | Tangible Assets | | | | | | | | |
| 1 | Office Building | 18,25,36,364 | - | - | 18,25,36,364 | 63,61,167 | - | 12,44,45,428 | 13,08,06,595 |
| 2 | Computers | 1,51,24,829 | 2,44,707 | - | 1,53,69,536 | 3,76,583 | - | 9,71,685 | 11,03,561 |
| 3 | Motor Vehicle | 23,18,64,365 | - | (8,55,58,582) | 14,63,05,784 | 1,37,30,952 | (7,78,89,628) | 2,51,72,860 | 4,65,72,766 |
| 4 | Air Conditioning | 23,09,433 | - | - | 23,09,433 | 13,669 | - | 1,34,266 | 1,47,935 |
| 5 | Furniture & Fixture | 6,39,15,555 | 1,00,550 | - | 6,40,16,105 | 25,63,620 | - | 63,57,555 | 88,20,625 |
| 6 | Office Equipments | 6,62,99,646 | 73,962 | - | 6,63,73,608 | 81,20,534 | - | 2,62,08,243 | 3,42,54,815 |
| | Total | 56,20,50,192 | 4,19,219 | (8,55,58,582) | 47,69,10,829 | 3,11,66,525 | (7,78,89,628) | 18,32,90,037 | 22,17,06,297 |
| | Previous Year | 57,82,41,383 | 4,09,49,545 | (5,71,40,736) | 56,20,50,192 | 4,22,87,390 | (4,49,98,884) | 22,17,06,297 | 27,55,78,961 |
| B | Intangible | | | | | | | | |
| 1 | Software | 52,53,447 | 1,85,173 | - | 54,38,620 | 1,72,891 | - | 4,93,565 | 4,81,283 |
| | Total (B) | 52,53,447 | 1,85,173 | - | 54,38,620 | 1,72,891 | - | 4,93,565 | 4,81,283 |
| | Previous Year | 50,64,888 | 1,88,559 | - | 52,53,447 | 1,72,913 | - | 4,81,283 | 4,65,637 |
| | Current Year (A+B) | 56,73,03,639 | 6,04,392 | (8,55,58,582) | 48,23,49,449 | 3,13,39,416 | (7,78,89,628) | 18,37,83,602 | 22,21,87,580 |
| | Previous Year | 58,33,06,271 | 4,11,38,104 | (5,71,40,736) | 56,73,03,639 | 4,24,60,303 | (4,49,98,884) | 22,21,87,580 | 27,60,44,598 |



| PARTICULARS | | | AS AT 31.03.2018 Rs. | AS AT 31.03.2017 Rs. |
|-------------|---|------------|----------------------------|----------------------------|
| NOTE 10 | NON-CURRENT INVESTMENTS (At Cost) | | | |
| | <u>Trade Investments (Unquoted)</u> | Face Value | No of shares | No of shares |
| | <u>In Equity Shares</u> | | | |
| | <u>Subsidiary Companies</u> | | | |
| | Raj Realtech Pvt Ltd. | 10 | 10,000 | 17,50,000 |
| | Wellworth Housing Pvt Ltd. | 10 | 10,000 | 30,00,000 |
| | <u>Others</u> | | | |
| | Nikiyog Buildwell Pvt Ltd. | 10 | 14,53,125 | 14,10,93,750 |
| | <u>In Immovable Properties</u> | | | |
| | Units at Spazedge | | | 1,06,81,088 |
| | Units at Spaze Itech Park | | | 65,47,941 |
| | Units at Spaze Platinum Towers | | | 5,81,36,453 |
| | | | | 22,12,09,232 |
| NOTE 11 | DEFERRED TAX ASSETS | | | |
| | Deferred Tax Assets on account of: | | | |
| | - Depreciation | | | 2,31,11,327 |
| | - Employee Benefits | | | 21,04,661 |
| | | | | 2,52,15,988 |
| NOTE 12 | LONG TERM LOANS AND ADVANCES | | | |
| | Advances to Subsidiary Companies | | | 1,30,50,000 |
| | Security Deposit | | | 1,03,66,128 |
| | | | | 2,34,16,128 |
| NOTE 13 | CURRENT INVESTMENTS | Face Value | No of Units | |
| | <u>In Mutual Funds</u> | | | |
| | Reliance Liquid Fund Treasury Plan Dir Growth | 10 | 20,582.669 | - |
| | | | | 8,01,66,043 |
| | Repurchase value | | | - |
| | | | | 8,16,58,810 |
| NOTE 14 | INVENTORIES | | | |
| | (as taken, valued and certified by the management) | | | |
| | Work-in-Progress | | | 3,81,34,18,061 |
| | | | | 3,81,34,18,061 |
| NOTE 15 | TRADE RECEIVABLES | | | |
| | (Unsecured, Considered Good) | | | |
| | Due for more than six months -To others | | | 65,12,43,697 |
| | Other Debts | | | 51,41,41,925 |
| | | | | 65,12,43,697 |
| NOTE 16 | CASH AND BANK BALANCES | | | |
| | <u>Cash and Cash Equivalents</u> | | | |
| | Balances with Scheduled Banks : | | | |
| | In Current Account | | | 13,21,72,393 |
| | Cash on hand | | | 12,94,378 |
| | <u>Other Bank Balances</u> | | | |
| | In Fixed Deposit Account*(including interest accrued thereon) | | | 24,68,37,951 |
| | (Deposits held as margin money) | | | 38,03,04,722 |
| | | | | 4,09,80,025 |
| | * Includes Fixed Deposits maturing after 12 months | | | 12,41,73,114 |
| NOTE 17 | SHORT TERM LOANS AND ADVANCES | | | |
| | (Unsecured, considered good) | | | |
| | Advance Paid For Project | | | 1,20,00,000 |
| | Related Party | | | 4,01,00,000 |
| | Mobilization Advance | | | 2,44,81,962 |
| | Other Advances | | | 8,55,82,934 |
| | Taxation advance | | | 4,66,21,822 |
| | Security Deposit | | | 4,69,15,214 |
| | | | | 25,57,01,932 |
| | | | | 25,12,70,835 |

0

| PARTICULARS | For the Year ended 31.03.2018 | For the Year ended 31.03.2017 |
|--|----------------------------------|----------------------------------|
| | Rs. | Rs. |
| NOTE 18 REVENUE FROM OPERATIONS | | |
| From Real Estate Activities | 2,02,54,83,778 | 1,51,84,10,823 |
| | <u>2,02,54,83,778</u> | <u>1,51,84,10,823</u> |
| NOTE 19 OTHER INCOME | | |
| Interest Received | 1,30,93,903 | 95,88,194 |
| Income from Mutual Fund | 29,85,408 | 6,66,043 |
| Liabilities Written Back | 27,80,071 | 22,04,075 |
| Rent | 1,61,55,970 | 1,15,93,713 |
| Profit on sale of Fixed Asset | 15,56,046 | 25,37,356 |
| | <u>3,65,71,398</u> | <u>2,65,89,381</u> |
| NOTE 20 PROJECT EXPENSES | | |
| Land Development & Project Cost | 98,26,85,178 | 80,74,06,668 |
| Salary and Wages | 1,65,24,765 | 1,76,96,733 |
| Licence and Related Expenses | 16,16,51,040 | 1,56,90,621 |
| Interest and Financial Charges | 71,39,57,049 | 68,77,19,396 |
| Brokerage | 1,76,01,862 | 1,76,73,894 |
| Other Project Expenses | 2,42,84,254 | 1,89,53,288 |
| | <u>1,91,67,04,148</u> | <u>1,56,51,40,599</u> |
| NOTE 21 CHANGE IN INVENTORIES | | |
| Opening Work In Progress | 3,73,93,86,529 | 3,50,36,88,810 |
| Less: Closing Work In Progress | 3,81,34,18,061 | 3,73,93,86,529 |
| | <u>(7,40,31,532)</u> | <u>(23,56,97,719)</u> |
| NOTE 22 EMPLOYEE BENEFITS EXPENSE | | |
| Salary, Wages and other Payments | 6,20,62,080 | 6,35,56,425 |
| Director's Remuneration | 72,00,000 | 72,00,000 |
| Contribution to Provident and other funds | 15,22,723 | 16,81,309 |
| Workmen and Staff Welfare Expenses | 18,35,115 | 20,81,066 |
| | <u>7,26,19,918</u> | <u>7,45,18,800</u> |
| NOTE 23 FINANCE COSTS | | |
| Interest on Borrowings | 1,15,48,654 | 98,35,911 |
| | <u>1,15,48,654</u> | <u>98,35,911</u> |
| NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation on Tangible Assets | 3,11,66,525 | 4,22,87,390 |
| Amortization of Intangible Assets | 1,72,891 | 1,72,913 |
| | <u>3,13,39,416</u> | <u>4,24,60,303</u> |
| NOTE 25 OTHER EXPENSES | | |
| Rates & Taxes | 1,14,15,798 | 52,37,786 |
| Repairs and Maintenance -Building | 6,80,001 | 3,02,238 |
| Repairs and Maintenance -others | 37,35,855 | 43,18,365 |
| Insurance | 26,39,635 | 29,07,750 |
| Legal & Professional Charges | 51,11,077 | 59,65,225 |
| Advertisement and Sales Promotion Expenses | 22,00,369 | 12,11,078 |
| Telephone & Communication Expenses | 16,89,014 | 23,68,634 |
| Travelling expenses | 12,46,090 | 8,68,849 |
| Conveyance | 76,79,027 | 69,82,113 |
| General Expenses | 85,29,664 | 80,03,598 |
| Prior Period Items - Net | - | 28,316 |
| Bank Charges | 1,07,69,484 | 1,00,19,135 |
| Payment to Auditors | 3,50,000 | 3,50,000 |
| | <u>5,60,46,014</u> | <u>4,85,63,087</u> |



Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date

| PARTICULARS | As At 31.03.2018 Rs. | As At 31.03.2017 Rs. |
|---------------------------------------|-------------------------|-------------------------|
| NOTE 26 <u>CONTINGENT LIABILITIES</u> | | |
| (a) Bank Guarantees | 36,89,20,820 | 38,06,44,795 |

NOTE 27 As per information available to the Management, neither any amount is due nor is any claim outstanding by the Company to any small scale and ancillary industrial undertaking provided in the "Small Scale and Ancillary, Industrial Undertaking Act, 1992". Hence the information required is not furnished.

NOTE 28 The disclosure required under Accounting Standard -15, Employees Benefit, notified in the Companies (Accounting Standard) Rules, 2006 are given below:

| PARTICULARS | As At 31.03.2018 Rs. | As At 31.03.2017 Rs. |
|---|-------------------------|-------------------------|
| <u>Defined Contribution Plan</u> | | |
| Contributions to Defined Contribution Plan, recognised are charged off for the year are as under: | | |
| Employer's Contribution to Provident & other Fund | 15,22,723 | 16,81,309 |

Defined Benefit Plan

The present value of obligation 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 benefit entitlement and measures each unit separately to build up the final obligation.

a) Reconciliation of opening and closing balances of Defined Benefit obligation

Gratuity (Unfunded)

| | | |
|---|------------|-------------|
| Defined Benefit obligation at beginning of the year | 44,73,306 | 44,87,007 |
| Adjustment on Amalgamation | | |
| Current Service Cost | 11,51,925 | 12,39,693 |
| Interest Cost | 3,37,287 | 3,58,961 |
| Actuarial (gain)/loss | (5,06,622) | (2,70,846) |
| Benefits (paid) | (6,93,097) | (13,41,509) |
| Defined Benefit obligation at year end | 47,62,799 | 44,73,306 |

b) Reconciliation of fair value of assets and obligations

| | | |
|---|-----------|-----------|
| Present value of obligation as at end of the year | 47,62,799 | 44,73,306 |
| Amount recognised in Balance Sheet | 47,62,799 | 44,73,306 |

c) Expenses recognized during the year

| | | |
|-------------------------|------------|------------|
| Current Service Cost | 11,51,925 | 12,39,693 |
| Interest Cost | 3,37,287 | 3,58,961 |
| Actuarial (gain) / loss | (5,06,622) | (2,70,846) |
| Net Cost | 9,82,590 | 13,27,808 |

d) Actuarial assumptions

| | | |
|--|---------|---------|
| Mortality Table (L.I.C.) | 2006-08 | 2006-08 |
| Discount rate (per annum) compounded | 7.71% | 7.54% |
| Rate of escalation in salary (per annum) | 5.50% | 5.50% |

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The above information is certified by the Actuary.



**Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date**

NOTE 29 SEGMENT REPORTING

Having regard to integrated nature of real estate development business of the company, the requirement of "Segmental Reporting" pursuant to Accounting Standard (AS-17) is not applicable.

NOTE 30 RELATED PARTY DISCLOSURES

Pursuant to Accounting Standard (AS-18) - "Related Party Disclosure" issued by Institute of Chartered Accountants of India following parties are to be treated as related parties

Summary of transactions of the related parties classified below is attached as annexure.

Name of Related Parties and Nature of Related Party Relationships (as certified by the management and relied upon by the auditors)

1 Entities Having Common Key Management Personnel : M/s. Nikiyog Buildwe M/s. Competent Investment Limited
M/s. Marudhara India M/s. Denon India Ltd.
M/s. V Kumar Estates M/s. St. Tropez Luxury Homes (P) Ltd.
M/s. Wellworth Constructions Pvt Ltd.

2 Key Management Personnel (Directors): Mr. Jaspal Singh Chaw Mr. Harpal Singh Chawla
Mr. Deepak Kumar Mr. Bharat Bhushan Kumar
Mr. Vipin Sharma Mr. Aman Sharma

3 Relatives of Key Management Personnel (Directors): Mr. S.P.S. Chawla Mrs. Gurpreet Kaur Chawla
Mrs. Jasbir Kaur Chaw Mrs. Vandana Chawla
Mrs. Monica Kumar Mr. Sehaj Chawla
Mrs. Rita Kumar Mr. Sumeen Chawla
Ms. Nikita Kumar Mrs. Poonam Sharma
Ms. Yogyata Kumar Mrs. Sonia Sharma
Mr. Gurpal Singh Chawla

4 Subsidiary companies : M/s Raj Realtech Pvt. Ltd
M/s Wellworth Housing Pvt. Ltd.

5 Enterprises over which above individuals have significant influence: M/s. Preserve Facilitiez Pvt. Ltd.
M/s. Seven Stars Restaurants Pvt. Ltd.
(Formerly Seven Stars Infrastructure Pvt. Ltd.)

| PARTICULARS | As At 31.03.2018 | As At 31.03.2017 |
|---|--------------------|--------------------|
| | Rs. | Rs. |
| NOTE 31 <u>Directors' Remuneration</u> | | |
| Remuneration | 72,00,000 | 72,00,000 |
| | <u>72,00,000</u> | <u>72,00,000</u> |
| NOTE 32 <u>Payment to Auditors</u> | | |
| Audit Fees | 2,40,000 | 2,40,000 |
| Tax Audit Fees | 60,000 | 60,000 |
| In Other Capacity | 50,000 | 50,000 |
| | <u>3,50,000</u> | <u>3,50,000</u> |
| NOTE 33 (a) CIF Value of Imports | | |
| Materials | 1,85,53,481 | 1,90,56,906 |
| | <u>1,85,53,481</u> | <u>1,90,56,906</u> |
| (b) Expenditure in foreign currency | | |
| Tours and Travelling | - | 3,00,000 |
| | <u>-</u> | <u>3,00,000</u> |



**Notes annexed to and forming part of Balance Sheet as at 31st March, 2018
and Statement of Profit & Loss for the year ended on that date**

(c) Earnings in foreign currency

Advance against sale of Flats

40,00,856

40,00,856

1,02,89,653

1,02,89,653

- NOTE 34 Non Fund based facilities of Rs 40 crore, from Axis Bank Ltd, is secured by way of equitable mortgage of office block in Spazedge project and residential units of Spaze Privy project situated at Gurgaon Haryana and company's Fixed Deposits. This is also collaterally secured by way of personal guarantees of directors of the company.
- NOTE 35 The Company has filed an application under clause 7(5) of Haryana Alternative Tax Compliance Scheme for Contractors, 2016, for the period upto 31st March, 2014, which has been accepted by the competent authority and the VAT department has completed the assessment and demanded amount has been paid in full for period till 31st March, 14. The assessment for subsequent year is pending / in progress, as on the close of the year, accordingly VAT amount has been demanded from the customers and Rs.2.96 crores for subsequent years, has been paid towards payment of VAT liability till 31st March, 2017. Adjustment, if any, arising out of the proceedings will be provided on finality.
- NOTE 36 Pursuant to Search conducted on business premises of the Company, including all its Directors, on 17th February, 2016, the company had filed an application before the Settlement commission, u/s 245C of the Income Tax Act, 1961, for settlement of issues and paid tax and interest thereon, amounting to Rs.29.18 crores on the income disclosed in the application. The Honorable Settlement Commission, vide its order dated 24th May, 2018, has allowed the application and no further tax is payable for the applied years.
- NOTE 37 Operating Cycle
The Company's normal operating cycle in respect of business operations is based on 36 months. Assets and Liabilities have been classified into current and non-current based on the operating cycle of business operations.
- NOTE 38 The company has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 issued by the Institute of Chartered Accountants of India.
- NOTE 39 In the opinion of the management, the realizable value of all current assets, loans and advances in the ordinary course of business will not be less than their value stated in balance sheet.
- NOTE 40 Some of the parties balances are subject to confirmations.
- NOTE 41 PREVIOUS YEAR FIGURES
Previous year figures have been regrouped, rearranged and reclassified wherever considered necessary.

As per our Report of even date

For RUPESH PARIKSHIT & ASSOCIATES

Chartered Accountants

Firm Registration No: 017309N

PARIKSHIT AGGARWAL

Partner

Membership No: 096951

Place: New Delhi

Date: 31st August 2018

For and on behalf of the Board of Directors

Aman Sharma
(Director)
(DIN: 00381637)

Bharat Bhushan Kumar
(Director)
(DIN: 00064687)

Harpal Singh Chawla
(Director)
(DIN: 00516241)

Gagan Mahajan
(Company Secretary)
(Membership No. A34028)

Summary of significant related parties transactions carried out in ordinary course of business is as under:

| S. No. | Description | Entities Having Common Key Management | | Key Management Personnel | | Relatives of Key Management Personnel | | Subsidiaries | | Enterprise over which individuals | |
|--------|--|---------------------------------------|-------------|--------------------------|-------------|---------------------------------------|-------------|--------------|------------|-----------------------------------|-------------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| 1 | Loans Paid/Repaid | 82,550,000 | 111,000,000 | 118,056,538 | 62,750,000 | - | 26,300,000 | - | - | - | - |
| 2 | Loans Received | 114,480,000 | 240,850,000 | 235,390,000 | 153,950,000 | 185,200,000 | 98,200,000 | - | - | - | - |
| 3 | Advances Paid | 20,038,429 | 100,000 | - | - | - | - | - | 50,000 | - | - |
| 4 | Advances Received | - | - | - | - | - | - | - | - | - | - |
| 5 | Receipt/(Refund) against sale of units-Net | 166,204,788 | - | 210,030,576 | 78,743,681 | 33,916,729 | (1,846,041) | - | - | - | - |
| 6 | Interest Expenses | 44,169,300 | 28,196,170 | 28,828,878 | 13,364,363 | 19,529,258 | 5,128,776 | - | - | - | - |
| 7 | Remuneration | - | - | 7,200,000 | 7,200,000 | 1,200,000 | 1,200,000 | - | - | - | - |
| 8 | Parking Charges Received | - | - | - | - | - | - | - | - | 24,348,984 | 34,786,205 |
| 9 | Substation Charges Received | - | - | - | - | - | - | - | - | 9,600,000 | 8,800,000 |
| 10 | Infrastructure Service Charges Received | - | - | - | - | - | - | - | - | 68,000,407 | 61,313,822 |
| 11 | Balance as on 31 st March | - | - | - | - | - | - | - | - | - | - |
| (i) | Unsecured Loans (includes unpaid interest) | 372,630,000 | 340,700,000 | 213,390,000 | 96,056,538 | 257,100,000 | 71,900,000 | - | - | - | - |
| (ii) | Loans and Advances | 60,100,000 | 40,061,571 | - | - | - | - | 13,050,000 | 13,050,000 | - | - |
| (iii) | Investments | 141,093,750 | 141,093,750 | - | - | - | - | 4,750,000 | 4,750,000 | - | - |
| (iv) | Sundry Creditors | 91,923,843 | 92,056,539 | - | - | - | - | - | - | - | - |
| (v) | Sundry Debtors | - | - | - | - | - | - | - | - | (698,555) | (156,249) |
| (vi) | Security Deposit | - | - | - | - | - | - | - | - | 346,945,150 | 283,745,150 |



