

INDEPENDENT AUDITOR'S REPORT

To the Members of Graceworks Realty and Leisures Private Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Graceworks Realty and Leisures Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its Profit including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report including Annexure, But does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Board of Director's Report, if

we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, 2013 with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, Cash Flows and the Statement Of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income , the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 32(1) to the Ind AS 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 D T S & Associates
Chartered Accountants
(Firm Registration no.142412W)

Ashish G. Mistry
Partner
Membership No.: 132639

Mumbai
Date: 13th May, 2019

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

i) **In respect of its fixed assets :**

- a. The company has maintained proper records showing full particulars including Quantitative details & situation of Fixed Assets on the basis of available information.
- b. As explained to us, all the Fixed Assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company & nature of its assets. No material discrepancies were noticed on Physical Verification.
- c. In our opinion and according to the explanations given to us, the title deeds of the Immovable Property are held in the name of Company.

ii) In respect of its inventory,

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

iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.

iv) Company has not granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.

v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.

vi) According to information and explanations provided to us, the Company is not required to maintain accounts and cost records pursuant to the Companies (Cost Accounting Records) Rules, 2011 and as specified by the Central Government of India under Section 148(1) of the Companies Act, 2013. Accordingly, paragraph 3(vi) of the Order is not applicable.

- vii) In respect of Statutory dues :
- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Customs Duty, Cess, and any other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date of becoming payable.
 - b. According to the information and explanations given to us, there are no dues of income tax, Goods and Service Tax, duty of customs, cess on account of any dispute, which have not been deposited
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, Government Company or bank or Debenture Holders of the company.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or terms loans, and hence Clause (ix) of paragraph 3 is not applicable to the company.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, company has not paid any managerial remuneration and hence Clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion company is not a Chit Fund/ Nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii) In respect of transactions with related parties :
- In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 & 188 of the Act and their details have been disclosed in the Ind AS financial statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has made preferential allotment of Optionally Convertible Debentures during the year and they have been complied with the requirement of sec 42 of the Companies Act, 2013
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.

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

For D T S & Associates
Chartered Accountants
(Firm Registration No.142412W)

Ashish G. Mistry
Partner
Membership No.: 132639

Mumbai
Date: 13th May, 2019

“Annexure B” to Independent Auditors’ Report referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date.

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

We have audited the Internal Financial Control over financial reporting of **Graceworks Realty and Leisure Private Limited** (“the company”) as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year then ended.

Management Responsibility for the Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, 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 M/s D T S & Associates

Chartered Accountants

(Firm Registration No.142412W)

Ashish G. Mistry

Partner

Membership No.: 132639

Mumbai

Date: 13th May, 2019.

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2019

Particulars	Notes	(Amount in ₹)		
		As at 31 st March, 2019	As at 31 st March, 2018	
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	6	2,54,27,66,254	2,53,33,92,859	
Capital Work In Progress	6	28,10,380	1,33,11,661	
Other Intangible Assets	6	1,35,492	3,56,660	
Deferred Tax Asset (Net)	7	7,47,570	4,98,119	
Other Non - Current Assets	8	42,02,342	41,22,602	
Current Assets				
Inventories	9	1,00,56,706	1,13,19,845	
Financial Asset				
Trade Receivables	10	3,00,55,642	3,47,17,650	
Cash and Cash Equivalents	11	1,73,01,164	1,83,65,011	
Current Tax Assets (Net)	12	3,40,84,429	3,14,76,893	
Other Current Assets	13	24,24,687	47,17,799	
TOTAL ASSETS		2,64,45,84,666	2,65,22,79,099	
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	14	6,75,680	6,75,680	
Other Equity	15	73,90,40,256	34,89,62,860	
Liability				
Non-Current Liabilities				
Financial Liability				
Borrowings	16	1,05,30,95,253	87,76,14,449	
Other Financial Liabilities	17	8,00,99,149	7,17,79,676	
Provisions	18	8,15,162	7,29,842	
Current Liabilities				
Financial Liability				
Borrowing	19	54,96,81,099	68,32,68,793	
Trade Payables				
Total outstanding dues of Micro enterprises and small enterprises	20	-	-	
Total outstanding dues of creditors other than Micro enterprises and small enterprises	20	2,40,92,096	3,08,67,650	
Other Financial Liabilities	21	15,52,60,155	59,79,90,900	
Other Current Liabilities	22	4,17,77,902	4,03,43,814	
Provisions	23	47,914	45,435	
TOTAL EQUITY AND LIABILITIES		2,64,45,84,666	2,65,22,79,099	

See accompanying notes to financial statements 1 to 44

As per our Report of even date

For **D T S Associates**

Chartered Accountants

(Firm Registration No: 142412W)

For and on behalf of the Board of Directors

Ashish G. Mistry

Partner

Membership No. 132639

Haresh Morajkar

Director

(DIN : 74983)

P. Vidya Sagar

Director

(DIN : 2710397)

Place : Mumbai

Date : May 13, 2019

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Amount in ₹)

Particulars	Notes	2018-19	2017-18
I INCOME			
Revenue from Operations	24	27,27,64,927	21,31,62,917
Other Income	25	8,54,59,176	62,78,338
Total Revenue		35,82,24,103	21,94,41,255
II EXPENDITURE:			
Cost of Construction and Development	26	-	4,35,741
Change in Inventory/Work-in-Progress	27	12,63,139	14,95,823
Employee Benefit Expenses	28	2,57,86,309	2,73,07,831
Finance Cost	29	15,56,59,567	13,98,59,706
Depreciation and Amortisation Expenses	6	4,84,00,519	4,70,71,212
Other Expenses	30	11,81,37,320	9,94,39,264
Total Expenses		34,92,46,854	31,56,09,577
III Profit /(Loss)Before Tax		89,77,249	(9,61,68,322)
IV Tax Expense:			
Current Tax	38	-	-
Deferred Tax	38	(2,49,451)	1,35,26,369
V Profit /(Loss) for the Year (A)		92,26,700	(10,96,94,691)
Other Comprehensive Income			
<u>Items that will not be reclassified to Profit & Loss</u>			
Actuarial Gain/ Loss on Employees Benefits		(1,49,304)	(1,59,832)
Income tax relating to items that will not be reclassified to Profit & Loss		-	-
Other Comprehensive Income for the year (B)		(1,49,304)	(1,59,832)
Total Comprehensive Income for the year (A+B)		90,77,396	(10,98,54,523)
VI Earnings per share			
Basic EPS [Face Value ₹ 10 each]		136.55	(1,623.47)
Diluted EPS [Face Value ₹ 10 each]	40	1.34	(1,623.47)
See accompanying notes to financial statements		1 to 44	
As per our Report of even date			
For D T S Associates Chartered Accountants (Firm Registration No: 142412W)		For and on behalf of the Board of Directors	
Ashish G. Mistry Partner Membership No. 132639		Haresh Morajkar Director (DIN : 74983)	P. Vidya Sagar Director (DIN : 2710397)
Place : Mumbai Date : May 13, 2019			

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019.

(Amount in ₹)

A. EQUITY SHARE CAPITAL

Balance as at 1 st April, 2017	Changes in Equity share Capital during the year	Balance as at 31 st March, 2018	Changes in Equity share Capital during the year	Balance as at 31 st March, 2019
6,75,680.00	-	6,75,680.00	-	6,75,680.00

B. Other Equity

For the year ended 31st March, 2019

Particulars	Reserves & Surplus			Instrument classified as Equity	Other Comprehensive Income	Total
	Retained Earnings	Securities Premium Account	Debenture Redemption Reserve		Remeasurement gain/ (loss) on defined benefit plans	
Balance as at 1 st April, 2018	(18,13,42,121)	1,94,26,000	1,94,44,575	49,11,18,300	3,16,106	34,89,62,860
Profit for the year	92,26,700	-	-	-	-	92,26,700
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	(1,49,304)	(1,49,304)
Issuance of Optionally Fully Convertible Debentures	-	-	-	38,10,00,000	-	38,10,00,000
Transfer from Debenture redemption reserve to retained	1,94,44,575	-	(1,94,44,575)	-	-	-
Balance as at 31 st March, 2019	(15,26,70,846)	1,94,26,000	-	87,21,18,300	1,66,802	73,90,40,256

For the year ended 31st March, 2018

Particulars	Reserves & Surplus			Instrument classified as Equity	Other Comprehensive Income	Total
	Retained Earnings	Securities Premium Account	Debenture Redemption Reserve		Remeasurement gain/ (loss) on defined benefit plans	
Balance as at 1 st April, 2017	(7,16,47,430)	2,11,92,000	1,94,44,575	77,77,78,300	4,75,938	74,72,43,383
Profit for the year	(10,96,94,691)	-	-	-	-	(10,96,94,691)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	(1,59,832)	(1,59,832)
Utilisation on redemption of debentures	-	(17,66,000)	-	-	-	(17,66,000)
Redemption of Optionally Fully Convertible Debentures	-	-	-	(28,66,60,000)	-	(28,66,60,000)
Balance as at 31 st March, 2018	(18,13,42,121)	1,94,26,000	1,94,44,575	49,11,18,300	3,16,106	34,89,62,860

As per our Report of even date

For D T S Associates

Chartered Accountants
(Firm Registration No: 142412W)

For and on behalf of the Board of Directors

Ashish G Mistry

M. No.: 132639
Place : Mumbai
Date : May 13, 2019

Haresh Morajkar

Director
(DIN : 74983)

P. Vidya Sagar

Director
(DIN : 2710397)

GRACEWORKS REALTY & LEISURE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Amount in ₹)

Sr. No. Particulars	2018 -19	2017-18	
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) Before Tax as per Profit and Loss Account	89,77,249	(9,61,68,322)	
Adjusted for:			
Interest on Loan	15,54,77,727	13,96,77,866	
Excess Provision Written back	(8,30,87,013)	(12,61,137)	
Loss/(Profit) on sale of asset	(13,705)	4,18,007	
Provision for Doubtful debts/ Advances	14,83,886	-	
Remeasurement gain/ (loss) on defined benefit plans	(1,49,304)	(1,59,832)	
Depreciation	4,84,00,519	4,70,71,212	
Operating Profit before Working Capital Changes	13,10,89,359	8,95,77,794	
Adjusted for:			
Trade and Other payables	(41,07,33,222)	(5,75,45,938)	
Trade and Other receivables	66,54,633	8,04,66,930	
	(27,29,89,230)	11,24,98,785	
Less : Taxes (paid)/received	(26,07,536)	(1,48,67,547)	
Net Cash generated / (used in) from Operating Activities	(27,55,96,766)	9,76,31,239	
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and Capital Expenditure	(4,70,37,760)	(3,55,93,334)	
Net Cash generated from/(used in) Investing Activities	(4,70,37,760)	(3,55,93,334)	
III CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Loan	20,00,00,000	-	
Proceeds from Optionally convertible debentures	43,85,00,000	43,10,00,000	
Redemption of Optionally convertible debentures	(5,75,00,000)	(71,94,26,000)	
Interest Paid on loan	(11,32,98,212)	(19,36,55,497)	
Repayment of Long Term Loan	(1,25,43,416)	(6,91,548)	
Bank Overdraft facilities	(13,35,87,695)	(3,98,09,856)	
Movement in Short Term Borrowings (Net)	-	47,50,00,000	
Net Cash generated from / (used in) Financing Activities	32,15,70,677	(4,75,82,901)	
Net Increase/ (Decrease) in Cash and Cash Equivalents	(10,63,849)	1,44,55,003	
Opening Balance of Cash and Cash Equivalents	1,83,65,013	39,10,010	
Closing Balance of Cash and Cash Equivalents (Refer Note No. 11)	1,73,01,164	1,83,65,013	
Notes:-			
1 Components of cash and cash equivalents:			
Cash on hand	20,845	34,122	
Balance with scheduled bank	1,72,80,319	1,83,30,889	
	1,73,01,164	1,83,65,011	
2 Change in liability arising from financing activities			
	1st April 2018	Cash flow	31st March 2019
Borrowings - Non current *	88,49,32,229	18,86,80,092	1,07,36,12,321
Borrowings - current	68,32,68,793	(13,35,87,695)	54,96,81,099
	1st April 2017	Cash flow	31st March 2018
Borrowings - Non current *	88,56,23,777	(6,91,548)	88,49,32,229
Borrowings - current	24,80,78,649	43,51,90,144	68,32,68,793
* It includes Current maturity of Long Term Borrowings which is classified under other financial liability			
As per our Report of even date			
For D T S Associates (Firm Registration No: 142412W) Chartered Accountants	For and on behalf of the Board of Directors		
Ashish G Mistry Partner Membership. No. 102749 Place : Mumbai Date : May 13, 2019	Haresh Morajkar Director (DIN : 74983)	P. Vidya Sagar Director (DIN : 2710397)	

GRACE WORKS REALTY AND LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

Note 6 : Property, Plant and Equipments

(Amount in ₹)

Particulars	Tangible Assets							Intangible Assets	Capital work in progress
	Building*	Plant & Machinery	Office Equipments	Furniture & Fixtures	IT Networking	Computers	Total		
Gross Block:									
As at April 1, 2017	2,51,18,79,453	50,70,239	18,39,632	2,40,71,285	8,14,499	42,14,450	2,54,78,89,558	26,66,968	
Additions during the year	40,55,342	2,78,51,820	3,74,089	1,80,29,764	50,000	1,39,500	5,05,00,515	-	
Deductions/ Adjustments	6,42,915	-	-	-	-	-	6,42,915		
As at March 31, 2018	2,51,52,91,880	3,29,22,059	22,13,721	4,21,01,049	8,64,499	43,53,950	2,59,77,47,158	26,66,968	
Additions during the year	3,37,99,693	1,19,61,572	17,23,746	1,05,99,374	-	1,41,600	5,82,25,986	-	
Deductions/ Adjustments	6,84,402	-	-	-	-	51,000	7,35,402	-	
As at March 31, 2019	2,54,84,07,171	4,48,83,631	39,37,467	5,27,00,423	8,64,499	44,44,550	2,65,52,37,742	26,66,968	
Accumulated Depreciation:									
As at April 1, 2017	1,03,89,546	6,37,553	8,98,673	17,00,639	5,57,320	35,67,458	1,77,51,190	18,71,802	
Depreciation during the year	3,99,92,858	19,94,613	2,86,903	38,95,158	1,48,962	3,14,212	4,66,32,705	4,38,506	
Deductions/ Adjustments	29,596	-	-	-	-	-	29,596	-	
As at March 31, 2018	5,03,52,808	26,32,166	11,85,575	55,95,797	7,06,282	38,81,670	6,43,54,299	23,10,308	
Depreciation during the year	4,03,92,194	25,69,175	3,38,255	46,46,120	55,018	1,78,589	4,81,79,351	2,21,167	
Deductions/ Adjustments	13,713	-	-	-	-	48,450	62,163	-	
As at March 31, 2019	9,07,31,290	52,01,341	15,23,830	1,02,41,917	7,61,300	40,11,809	11,24,71,488	25,31,476	
Net Carrying Amount:									
As at March 31, 2018	2,46,49,39,072	3,02,89,893	10,28,146	3,65,05,252	1,58,217	4,72,280	2,53,33,92,859	3,56,660	1,33,11,661
As at March 31, 2019	2,45,76,75,882	3,96,82,290	24,13,637	4,24,58,506	1,03,199	4,32,741	2,54,27,66,254	1,35,492	28,10,380

* Land and Building are pledged against borrowing (Refer Note No. 16)

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	As at	
	31 st March, 2019	31 st March, 2018
7 Deferred Tax Asset/(Liability) (Net)		
Deferred Tax is calculated, in full, on all temporary timing differences under the liability method using prevailing tax rate. The movement on the deferred tax account is as follows:		
At Start of year	4,98,119	1,40,24,488
Charge/(credit) to profit or loss (Refer Note 38)	2,49,451	(1,35,26,369)
At the end of the year	7,47,570	4,98,119
Deferred Tax Asset		
Related to Disallowances under Income Tax Act, 1961	14,20,986	11,54,504
Related to Property, Plant and Equipments	6,73,416	6,56,385
Total	7,47,570	4,98,119
8 Other Non - current Assets		
<u>(Unsecured and considered good)</u>		
Security Deposits	41,87,342	41,07,602
Other Deposits	15,000	15,000
Total	42,02,342	41,22,602
9 Inventories		
<u>(Valued at Cost or Market value whichever is less)</u>		
Realty Finished Stock	90,54,005	1,01,91,806
Land	10,02,701	11,28,039
Total	1,00,56,706	1,13,19,845
10 Trade Receivables*		
<u>(Unsecured)</u>		
a) Considered good	3,39,22,126	3,75,56,985
Less: Allowances for expected credit loss	38,66,484	28,39,335
	3,00,55,642	3,47,17,650
b) Credit Impaired	-	90,019
Less: Allowances for expected credit loss	-	90,019
	-	-
Total (a +b)	3,00,55,642	3,47,17,650
* Trade receivables are pledged against borrowings (Refer Note 16)		
11 Cash and Cash Equivalents		
<u>Balances with Banks</u>		
In Current Account	1,72,80,319	1,83,30,889
Cash on hand	20,845	34,122
Total	1,73,01,164	1,83,65,011
12 Current Tax Assets (Net)		
Advance Tax (Net of Provisions)	3,40,84,429	3,14,76,893
Total	3,40,84,429	3,14,76,893
Movement in Provisions:		
At Start of the year	3,14,76,893	3,14,76,893
Charge for the year	-	-
Provisions for tax on other comprehensive income	-	-
Taxes paid during the year	26,07,536	-
At the end of the	3,40,84,429	3,14,76,893

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	As at	
	31 st March, 2019	31 st March, 2018
13 Other Current Assets		
<u>(Unsecured, Considered good)</u>		
Advance to Vendors	12,61,437	17,93,707
Less: Allowance for doubtful advances	7,35,770	7,35,770
	5,25,667	10,57,937
Balances with Statutory Authorities	1,66,668	12,41,049
Balances with LIC Gratuity Fund (Net)	4,56,320	6,64,809
Others	12,76,032	17,54,004
Total	24,24,687	47,17,799

14 Share capital

Authorised, Issued, Subscribed and Paid up Share Capital:

<u>Authorised</u>		
50,00,000 (P Y : 50,00,000) Equity Shares of ₹ 10/- each	5,00,00,000	5,00,00,000
<u>Issued, Subscribed and Fully Paid up</u>		
67,568 (P Y: 67,568) Equity Shares of ₹ 10/- each fully paid up		
Total	6,75,680	6,75,680

a) Reconciliation of Number of Shares outstanding

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	67,568	67,568
Shares outstanding at the end of the year	67,568	67,568

b) Shares held by holding company :

Out of the above, 52250 (P.Y. 52250) Equity Shares of ₹ 10/- each fully paid are held by Phoenix Hospitality Company Private Limited - the Holding Company.

c) Details of Shareholders holding more than 5% of the total Shares of the Company :

Name of Shareholder	As at 31 st March 2019		As at 31 st March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
Phoenix Hospitality Company Pvt. Ltd.	52,250	77.33	52,250	77.33
Phoenix Mills Limited	15,318	22.67	15,318	22.67

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

15 Other Equity

a) Securities Premium Account

As per last Balance Sheet	1,94,26,000	2,11,92,000
Less: paid on redemption of debentures	-	(17,66,000)
Total	1,94,26,000	1,94,26,000

b) Debenture Redemption Reserve

As per last Balance Sheet	1,94,44,575	1,94,44,575
Less: Transfer to Profit and Loss Account	(1,94,44,575)	-
Total	-	1,94,44,575

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	As at			
	31st March, 2019	31st March, 2018		
c) Profit and (Loss)				
As per last Balance Sheet	(18,13,42,121)	(7,16,47,430)		
Add : Profit /(Loss) for the year	92,26,700	(10,96,94,691)		
Add: Transfer from Debenture Redemption Reserve	1,94,44,575	-		
Total	(15,26,70,846)	(18,13,42,121)		
d) Other Comprehensive Income				
Remeasurement gain/ (loss) on defined benefit plans				
As per last Balance Sheet	3,16,106	4,75,938		
Add: During the year	(1,49,304)	(1,59,832)		
Total	1,66,802	3,16,106		
e) Instrument classified as Equity				
6,01,183 (P Y : 6,01,183) 0.0001% Series A Optionally Convertible Debentures of ₹ 100 each (Refer Note 15.1 below)	6,01,18,300	6,01,18,300		
81,20,000 (P Y: 43,10,000) 0.0001% Optionally Fully Convertible Debentures of ₹ 100 each (Refer Note 15.2 below)	81,20,00,000	43,10,00,000		
Total	87,21,18,300	49,11,18,300		
Total (a to e)	73,90,40,256	34,89,62,860		
15.1 0.0001% Series A Optionally Convertible Debentures having an option to the issuer to convert the debentures into equity shares on or before March, 2020. Each debenture is convertible into equity shares of ₹ 10 each fully paid at premium of ₹ 2400 on the date of conversion. The company has an option to redeem the shares in one or more tranches at the redemption premium not exceeding ₹ 10/- per Optionally Convertible Debenture.				
15.2 0.0001% Optionally Fully Convertible Debentures having an option to the issuer to convert the debentures into equity shares on or before October 1, 2026. Each debenture is convertible into equity shares of ₹ 10 each fully paid at premium of ₹ 1740 on the date of conversion. The company has an option to redeem the shares in one or more tranches at the redemption premium not exceeding ₹ 10/- per Optionally Fully Convertible Debenture on or before October 1, 2026.				
Description of nature and purpose of each reserve				
1 Security Premium Account : Securities premium account represents premium received on equity shares and debentures issued, which can be utilised only in accordance with the provision of the Companies Act, 2013 for specified purposes.				
2 Debenture Redemption Reserves: Debenture Redemption Reserves represents the statutory reserve for convertible debentures issued. This is in accordance with the provisions of Indian corporate law wherein a portion of profits are apportioned each year until the aggregate amount equals to 25% of the face value of the debentures issued and outstanding. These reserve will be released on redemption of debentures.				
16 Borrowings				
Non - Current component of Borrowingss				
<u>Secured</u>				
Term Loans From Banks (Refer Note 16.1 below)	1,05,30,95,253	87,76,14,449		
Total	1,05,30,95,253	87,76,14,449		
16.1 Term Loan from Banks of ₹ 1,08,55,41,528 (P. Y. ₹ 89,80,84,944) is secured by first and exclusive charge over land and building, receivables of project Phoenix Paragaon Plaza.				
16.2 Maturity profile of Secured Term Loan are as set out below:				
(Amount in ₹)				
	2019-20	2020-21	2021-22	2022 onwards
Term Loan - from Banks	2,05,17,068	4,73,07,548	5,76,45,115	94,81,42,591

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	As at	
	31 st March, 2019	31 st March, 2018
17 Other Financial Liabilities		
Security Deposit for Lease rentals	8,00,99,149	7,17,79,676
	Total	8,00,99,149
		7,17,79,676
18 Provisions		
Provision for compensated absences	8,15,162	7,29,842
	Total	8,15,162
		7,29,842
19 Borrowing		
<u>Secured</u>		
Working Capital Facility (refer Note 19.1)	7,46,81,099	20,82,68,793
<u>Unsecured</u>		
Inter Corporate Deposits from others	47,50,00,000	47,50,00,000
	Total	54,96,81,099
		68,32,68,793
19.1 Working Capital facility from Banks of ₹ 7,46,81,099 (P.Y ₹ 20,82,68,793) is secured by first and exclusive charge over land and building, receivables of project Phoenix Paragaon Plaza.		
20 Trade Payables		
Micro and Small Enterprises*	11,28,790	-
Others	2,29,63,306	3,08,67,650
	Total	2,40,92,096
		3,08,67,650
* There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and as at March 31, 2019. The above information, regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company This has been relied upon by the Auditor.		
The disclosure pursuant to the said Act under:		
a) Principal amount due to supplier under MSMED Act, 2006	11,28,790	-
b) Interest accrued and due on the above amount, unpaid	-	-
c) Payment made beyond the appointed day during the year	-	-
d) Interest paid	-	-
e) Interest due and payable for the period of delay	-	-
f) Interest remaining due and payable in succeeding year	-	-
21 Other Financial Liability		
Current Maturities of Long Term Borrowings (Refer Note 16.2)	2,05,17,068	73,17,780
Deposit from Related Party (Refer Note 37)	-	52,14,10,394
Security Deposit for Lease rentals	6,91,95,935	4,46,71,581
Interest Accrued and but not Due	6,55,47,152	2,45,91,145
	Total	15,52,60,155
		59,79,90,900
22 Other Current Liability		
Advances from Customer	1,72,00,143	2,09,57,436
Advance against Income	42,55,199	37,46,650
<u>Other Payables</u>		
- Statutory Dues	72,74,087	34,69,522
- Others	1,30,48,472	1,21,70,206
	Total	4,17,77,902
		4,03,43,814
23 Provisions		
Provision for compensated absences	47,914	45,435
	Total	47,914
		45,435

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
 Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
24 Revenue from operations		
Income from Property Development	28,41,120	29,72,575
Sale of Services	24,49,09,575	21,00,21,725
Other Operative Income	2,50,14,232	1,68,617
Total	27,27,64,927	21,31,62,917
A) Broad categories of Sale of Service		
License Fees and Rental Income	17,10,00,936	13,68,83,560
Service Charges	7,39,08,639	7,31,38,165
	24,49,09,575	21,00,21,725
25 Other Income		
Interest on others	13,36,458	3,71,578
Interest On Income Tax Refund	9,74,940	-
Excess Provision Written back	-	12,61,137
Insurance claim	15,264	-
Profit on sale of asset	13,705	-
Sundry Balances Written off	8,30,87,013	
Other Income	31,796	46,45,623
Total	8,54,59,176	62,78,338
26 Cost of Construction		
Fit outs and Interior work	-	4,35,741
Total	-	4,35,741
27 Change in Inventory		
Work in Progess/Finished Realty stock at the beginning of the year	1,13,19,845	1,28,15,668
Less:		
Work in Progress/ Finished Realty Stock at the end of the year	1,00,56,706	1,13,19,845
Total	12,63,139	14,95,823
28 Employee Benefit Expenses		
Salaries , Wages and Bonus	2,48,25,687	2,60,69,019
Contribution to Provident and other welfare fund	8,07,952	9,73,449
Staff Welfare Expenses	1,52,670	2,65,363
Total	2,57,86,309	2,73,07,831
29 Finance Cost		
Interest on Term Loan	10,92,60,912	11,23,55,606
Interest on Inter Corporate Deposit	4,62,16,815	2,73,22,260
Other Charges	1,81,840	1,81,840
Total	15,56,59,567	13,98,59,706

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
30 Other Expenses		
Electricity Charges	1,25,48,626	1,42,64,610
Water Charges	24,57,075	37,78,523
Repairs & Maintenance		
Building	3,15,65,344	19,85,213
Plant & Machinery	45,06,429	47,94,815
Others	13,39,591	12,47,284
Housekeeping and Security Charges	2,14,66,820	1,86,74,877
Rates and Taxes	2,13,26,056	2,19,56,595
Insurance	13,20,948	13,57,809
Audit Fees (Refer Note 31)	5,55,000	5,25,000
Travelling & Conveyance	2,38,812	99,470
Printing & Stationery	4,75,527	2,83,974
Telephone & Communication Expenses	2,20,775	3,53,305
Legal & Professional Charges	56,55,951	79,44,302
Fees & Other Charges	22,422	41,046
Directors Sitting Fees	80,000	1,00,100
Compensation A/c.	-	8,27,600
Selling & Distribution Expenses	19,56,400	6,76,903
Brokerage & Consultancy Charges	49,67,453	38,61,422
Loss on cancellation of unit	-	49,72,658
Loss on sale of asset	-	4,18,007
Foreign Exchange Rate Difference	-	405
Provision for Doubtful Debts & Advances	14,83,886	-
Rebates & Settlement-Others	58,90,944	1,07,97,996
Miscellaneous Expenses	59,262	4,77,351
Total	11,81,37,320	9,94,39,264
31 Payment to Auditor		
As Auditor:		
Audit Fees	5,55,000	5,25,000
Total	5,55,000	5,25,000
32 Contingent Liabilities and Capital Commitments		
Contingent liabilities not provided for-		
Claims against the Company not acknowledged as debt is ₹ 18,41,00,000 (P Y ₹ 18,41,00,000) and interest thereon. The above litigations are not expected to have any material adverse effect on the financial position of the Company.		
33 Municipal Corporation of Greater Mumbai has raised a demand of Rs. 2,05,56,508 towards property tax for the period April 2015 – March 2016, against which the Company has paid 50% of the demanded amount under protest. The balance amount would be payable on the final outcome. Company has provided full amount of demand in the books on conservative basis.		

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

34 Fair Value of Financial Assets and Liabilities:

Set out below is the comparison by class of carrying amounts and fair value of Company's financial instruments that are recognised in the financial statements.

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets designated at amortised cost				
Trade Receivables	3,00,55,642	3,00,55,642	3,47,17,650	3,47,17,650
Cash and Cash Equivalents	1,73,01,164	1,73,01,164	1,83,65,011	1,83,65,011
Total	4,73,56,806	4,73,56,806	5,30,82,661	5,30,82,661
Financial liabilities designated at amortised cost				
Borrowings - Fixed rate	47,50,00,000	47,50,00,000	47,50,00,000	47,50,00,000
Borrowings - Variable rate	1,14,82,93,419	1,14,82,93,419	1,09,32,01,022	1,09,32,01,022
Trade payables and others	2,40,92,096	2,40,92,096	3,08,67,650	3,08,67,650
Other financial liabilities	21,48,42,236	21,48,42,236	66,24,52,796	66,24,52,796
Total	1,86,22,27,751	1,86,22,27,751	2,26,15,21,468	2,26,15,21,468

Fair valuation techniques:

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

The following methods and assumptions were used to estimate the fair values :

Fair value of Financial Assets & Financial Liability(except long term borrowings) are carried at amortised cost is not materially different from it's carrying cost.

Fair value of long term borrowings is calculated based on discounted cashflow.

35 Financial risk Management:

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

• Market risk:

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

Foreign currency risk

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

The Company is exposed to insignificant foreign exchange risk as at the respective reporting dates.

Interest rate risk

Fluctuation in fair value or future cash flows of a financial instrument because of changes in market interest rates gives rise to interest rate risk.

Almost 100% of the company's borrowings are linked to MCLR + 1.75%. With all other variables held constant, the following table demonstrates the impact of change in interest rate on borrowing cost on floating rate portion of loans.

Increase/ (decrease) in Interest cost of Long term borrowings for the year:

Change in Rate of Interest	Effect on Profit/(Loss) before tax	
	2018-19	2017-18
+1%/-1%	1,14,82,934	1,09,32,010

Commodity and Other price risk

The Company is not exposed to the commodity and other price risk.

• Credit Risk

Credit risk is the risk of financial loss to the Company that a customer or counter party to a financial instrument fails to meet its obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds, financial institutions and other financial instruments.

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Trade and other receivables:

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Company periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Company continues regular followup , engage with the customers, legal options / any other remedies available with the objective of recovering these outstandings.

The Company is not exposed to concentration of credit risk to any one single customer since services are provided to vast spectrum and hence, the concentration of risk with respect to trade receivables is low. The Company also takes security deposits, advances , post dated cheques etc from its customers, which mitigate the credit risk to an extent.

Cash and cash equivalents and other investments

The Company is exposed to counter party risk relating to medium term deposits with banks and investment in mutual funds.

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings.

Exposure to credit risk

The gross carrying amount of financial assets, net of impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is as follows:

	As at 31/03/2019	As at 31/03/2018
<u>Financial assets for which loss allowances is measured using 12 months Expected Credit Losses (ECL):</u>		
Cash and cash equivalents	1,73,01,164	1,83,65,011
<u>Financial assets for which loss allowances is measured using Life time Expected Credit Losses (ECL):</u>		
Trade receivables	3,00,55,642	3,47,17,650

Life time Expected credit loss for Trade receivables under simplified approach

Aging of Trade Receivables	Past Due				Total
	0-90 days	90-180 days	180 - 360 days	over 360 days	
As at 31st March, 2019					
Gross Carrying Amount	67,99,971	44,09,351	17,06,464	2,10,06,340	3,39,22,126
Expected credit losses (Loss allowance provision)	13,810	-	26,119	38,26,556	38,66,484
Net Carrying Amount	67,86,161	44,09,351	16,80,345	1,71,79,784	3,00,55,642
As at 31st March, 2018					
Gross Carrying Amount	70,61,652	11,08,669	20,63,599	2,74,13,084	3,76,47,004
Expected credit losses (Loss allowance provision)	7,231	12,565	1,23,455	27,86,104	29,29,354
Net Carrying Amount	70,54,421	10,96,105	19,40,144	2,46,26,979	3,47,17,650

Reconciliation of Changes in the life time expected credit loss allowance:

	2018-19	2017-18
Loss allowance on 1 April,	29,29,354	4,35,33,944
Provided during the year	29,40,836	18,87,317
Amount written off during the year	(5,46,756)	(3,93,43,453)
Reversal of provision	(14,56,950)	(31,48,454)
Loss allowance on 31st March,	38,66,484	29,29,354

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

• Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current borrowings are sufficient to meet its short to medium term expansion needs. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company is required to maintain ratios (such as debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels and also cash deposits with banks to mitigate the risk of default in repayments. In the event of any failure to meet these covenants , these loans become callable to the extent of failure at the option of lenders, except where exemption is provided by lender.

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	As at March 31, 2019					
	Carrying Amount	On Demand	Less than 12 months	1- 5 years	>5 years	Total
Borrowings	1,62,32,93,419	54,96,81,099	2,05,17,068	39,26,45,080	66,04,50,173	1,62,32,93,419
Other Financial Liabilities	21,48,42,236	13,47,43,087	-	8,00,99,149	-	21,48,42,236
Trade and other payables	2,40,92,096	1,16,16,797	1,24,75,299	-	-	2,40,92,096

Particulars	As at March 31, 2018					
	Carrying Amount	On Demand	Less than 12 months	1- 5 years	>5 years	Total
Borrowings	1,56,82,01,022	68,32,68,793	73,17,780	24,74,31,682	63,01,82,767	1,56,82,01,022
Other Financial Liabilities	66,24,52,796	59,06,73,120	7,17,79,676	7,17,79,676	-	73,42,32,472
Trade and other payables	3,08,67,650	91,63,049	2,17,04,601	-	-	3,08,67,650

Capital management

The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2019 and March 31, 2018.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings less cash and short term deposits.

<u>Particulars</u>	<u>As At 31/03/2019</u>	<u>As At 31/03/2018</u>
Loans and Borrowings	1,62,32,93,419	1,56,82,01,022
Less: Cash and cash equivalents + Bank Deposits	1,73,01,164	1,83,65,011
Net Debt	1,60,59,92,255	1,54,98,36,011
Total Capital	73,97,15,936	34,96,38,540
Capital+Net Debt	2,34,57,08,192	1,89,94,74,551
Gearing Ratio	0.68	0.82

36 Lease:

The company provides units at its mall on license basis for which it charges license fees. The license agreements are generally for the period of 1 years to 5 years. The terms also provides for escalation of license fees and other charges on periodical basis. Generally, the company has right to terminate the license agreement by giving advance notice as stipulated therein. .

Future minimum License Fees receivable under Leave and License agreements for non-expired lock in period as at 31st March 2019 are as follows:

Particulars	Within one year	but not more than five years	More than five years	Total
As on 31st March 2019	11,36,81,376	10,62,36,667	-	21,99,18,043
As on 31st March 2018	9,49,16,507	6,97,17,298	-	16,46,33,804

37 Related party Disclosure:

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

a) Related Party with whom transactions have been taken place and relationships:

Name of the party	Relationship
1 The Phoenix Mills Limited	Ultimate holding company
2 Market City Resources Private Limited	Fellow Subsidiary
3 Island Star Mall Developers Private Limited	Fellow Subsidiary
4 Offbeat Develpoers Private Limited	Fellow Subsidiary
5 Palladium Construction Private Limited	Fellow Subsidiary
6 HBS Realtors Private Limited (upto 31.12.2017)	Enterprise having significant influence
7 Classic Mall Developers Company Limited	Enterprise having significant influence

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
38 Taxation		
Income tax related to items charged or credited to profit or loss during the year:		
A Statement of Profit or Loss		
1 Current Income Tax	-	-
	-	-
	-	-
2 Deferred Tax expenses/ (benefits):		
Relating to origination and reversal of temporary differences	(2,49,451)	1,35,26,369
	(2,49,451)	1,35,26,369
Total Income tax Expenses (1 to 2)	(2,49,451)	1,35,26,369
B Reconciliation of Current Tax expenses:		
Profit /(Loss) from Continuing operations	89,77,249	(9,61,68,322)
Applicable Tax Rate	25.75%	25.75%
Computed tax expenses	23,11,642	(2,47,63,343)
Additional allowances for tax purpose	(4,56,20,984)	(5,07,68,249)
Additional allowances for capital gain	(18,650)	-
Expenses not allowed for tax purposes	66,83,378	14,95,895
Other temporary allowances	72,092	(2,33,707)
Taxes on Carry Forward Losses	3,65,72,522	7,42,69,404
Total	-	-
C Deferred Tax Recognised in statement of profit and Loss relates to the following:		
Accelerated depreciation for tax purpose	17,031	7,16,701
Expenses allowable on payment basis	(22,828)	1,25,46,818
Provision for loss allowance	(2,43,654)	1,68,973
Due to change in Tax rate	-	93,876
Deferred Tax Liabilities/ (Asset)	(2,49,451)	1,35,26,369
D Reconciliation of deferred tax liabilities/(asset) net:		
Opening balance as on 1st April	4,98,119	1,40,24,488
Tax expenses / (income) during the period	2,49,451	(1,35,26,369)
Closing balance as on 31st March	7,47,570	4,98,119
39 Employees Benefits:		
Expenses recognised for Defined contribution plan:		
Company's Contribution to Provident Fund	6,50,483	6,46,597
Company's Contribution to Employees State Insurance	8,095	17,190
	6,58,578	6,63,787
Expenses recognised for Defined benefits plan:		
The company provides gratuity benefit to its employees which are a defined benefit plan. The present value of obligations is determined based on actuarial valuation using the Projected Unit Credit Method.		
	Gratuity (Funded)	
	2018-19	2017-18
1 Change in Defined Benefit Obligation during the year		
Defined Benefit Obligation at the beginning of the year	13,31,171	16,56,829
Interest Cost	1,22,637	1,37,049
Current Service Cost	1,88,657	2,15,928
Benefits paid during the year	-	(8,69,711)
Actuarial (gain)/loss on Defined Benefit Obligation	59,627	32,214
Past Service Cost	-	1,58,862
Defined Benefit Obligation at the end of the year	17,02,092	13,31,171

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

2 Change in fair value of Plan Assets during the year		
Fair value of Plan Assets at the beginning of the year	19,95,980	27,41,132
Expected Return on plan assets	1,61,920	2,02,177
Contribution	90,189	50,000
Benefits paid during the year	-	(8,69,711)
Actuarial (gain)/loss on Plan Asset	(89,677)	(1,27,618)
Fair value of Plan Assets at the end of the year	21,58,412	19,95,980
3 Amount to be recognized in Balance sheet:		
Present value of Defined Benefit Obligation	17,02,092	13,31,171
Fair Value of plan assets at the end of the year	21,58,412	19,95,980
Amount recognized in Balance sheet	(4,56,320)	(6,64,809)
4 Current / Non - current bifurcation:		
Current benefit obligation	-	-
Non - current benefit obligation	(4,56,320)	(6,64,809)
5 Expenses recognised in the statement of Financial position for the year		
Current Service Cost	1,88,657	2,15,928
Interest cost on obligation	1,22,637	1,37,049
Expected Return on plan assets	(1,61,920)	(2,02,177)
Past Service Cost	-	1,58,862
Expense recognized in the statement of Profit & Loss account	1,49,374	3,09,662
6 Recognised in Other Comprehensive income for the year		
Remeasurement due to:		
Effect of change in financial assumptions	82,168	(1,03,319)
Effect of experience adjustments	(22,541)	1,35,533
Return on plan of assets(excluding interest)	89,677	1,27,618
Net Actuarial (gain)/loss recognized for the year	1,49,304	1,59,832
7 Maturity profile of defined benefit obligation		
Within the next 12 months	77,779	66,632
Between 2 to 5 years	4,54,078	3,41,054
Between 5 to 10 years	6,43,591	4,96,330
8 Actuarial assumptions used for estimating defined benefit obligations		
Discount Rate	7.75%	8.25%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Assets	7.75%	8.25%
Attrition/ Withdrawal Rate	5%	5%
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
The weighted average duration of plan	12.15 years	12.53 years

Notes:

- 1 Salary escalation rate is arrived after taking into account regular increments, price inflation and promotion and other relevant factors such as supply and demand in employment market.
- 2 Discount rate is based on prevailing market yields of Indian Government Securities as at balance sheet date for estimated term of obligations.
- 3 Attrition rate/ withdrawal rate is based on Company's policy towards retention of employees, historical data and industry outlook.
- 4 Expected contribution to defined benefit plans for the financial year 2019-20 is Rs. Nil
- 5 The above information is certified by actuary.

9 Sensitivity analysis:

Increase/ (decrease) on present value of defined benefits obligations at the end of the year:

<u>Change in assumption</u>	<u>Change in assumption</u>	<u>Effect on Gratuity obligation</u>	
		<u>2018-19</u>	<u>2017-18</u>
Discount rate	1% -1%	1,58,413 (1,84,494)	1,21,159 (1,39,897)
Salary Escalation rate	1% -1%	(1,18,117) 1,17,021	(97,406) 99,333
Withdrawal rate	1% -1%	(28,376) 34,354	(14,846) 18,274

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

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

Investment Risk:

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

Interest risk

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

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Unfunded scheme - Earned Leaves

<u>Particulars</u>	<u>2018-19</u>	<u>2017-18</u>
Present value of funded obligations	8,63,076	7,75,277
Expenses recognised in the statement of profit and loss	8,63,076	7,75,277
In Other comprehensive income		
Actuarial (Gain) / Loss - Plan liabilities	-	-
Actuarial (Gain) / Loss - Return On Plan Assets	-	-
Net (Income)/ Expense For the period Recognized in OCI	-	-
Discount rate (per annum)	7.75%	8.25%
Salary escalation rate (per annum)	7.50%	7.50%

40 Earning per share:

Reconciliation of Equity shares in computing weighted average number of equity shares

	<u>2018-19</u>	<u>2017-18</u>
a) Weighted Average number of equity shares - Basics Issued fully paid equity shares as on April 1, 2018	67,568	67,568
b) Weighted Average number of equity shares - Diluted Weighted Average number of equity shares - Basics Equity Shares issuable on conversion of Optionally Convertible Debentures	67,568 68,16,183 <hr/> 68,83,751	67,568 59,47,804 <hr/> 60,15,372
c) Net profit after tax as per Statement of Profit and Loss Add: Interest on debentures after tax	92,26,700 551 <hr/> 92,27,251	(10,96,94,691) 712 <hr/> (10,96,93,979)
d) Basic Earnings per share (₹)(c/a)	136.6	(1,623.5)
e) Diluted Earnings per share (₹)	1.3	(1,623.5) *
f) Face value per equity share (₹)	10	10
* Antidilutive, hence same as Basic EPS		

41 Segment reporting:

The Company is mainly engaged in real estate activities catering to Indian customers. Accordingly, the Company has only one identifiable segment reportable under IndAS 108 “Operating Segment”.

Board of Directors (the ‘Chief Operational Decision Maker as defined in INDAS108 – Operating Segments) monitors the operating results of the entity’s business for the purpose of making decisions about resource allocation and performance assessment.

The revenues from transactions with a single customer not amount to 10 per cent or more of an entity’s revenues. For broad category of services rendered refer note no. 24.

GRACE WORKS REALTY & LEISURE PRIVATE LIMITED
Notes on Financial Statements for the year ended 31st March, 2019

(Amount in ₹)

- 42** Based on the pronouncements/clarifications by the professional bodies/institutions and general accounting practice followed by Industry, the Company has during the year reclassified the following items of financial statements:

Items of financial statements reclassified	Amount as at 31st March, 2018	Earlier classified as	Reclassified as
Security Deposits for lease rentals – Non-Current	7,17,79,676	Other Non-Current Liabilities (As at 31st March, 2018: ₹ 10,92,75,747)	Other Financial Liabilities (Non-Current)
Security Deposits for lease rentals – Current	4,46,71,581	Other Current Liabilities (As at 31st March, 2018: ₹ 71,75,510)	Other Financial Liabilities (Current)

- 43** Trade receivables and trade payables are subject to confirmation and reconciliation, if any. The same is not expected to have any material impact on the financial statements.

- 44** The previous year figures have been regrouped, reworked, rearranged and reclassified, whenever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

For D T S Associates
(Firm Registration No: 142412W)
Chartered Accountants

For and on behalf of the Board of Directors

Ashish G. Mistry
Partner
Membership No. 132639

Haresh Morajkar
Director
(DIN : 74983)

P. Vidya Sagar
Director
(DIN : 2710397)

Place : Mumbai
Date : May 13, 2019