



**V. RAVI & CO.**  
CHARTERED ACCOUNTANTS  
vraviandco.ca@gmail.com

## Independent Auditors' Report

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

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Prajay M/s Prajay Holdings Private Limited (*"the Company"*) which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (*"the Act"*) with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### Auditor's Responsibility

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

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

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



H.O.: # 2-6-54, Circuit House Road, Hanumakonda, Warangal, Telangana - 506 001. 9652108456, 9989108599 (Office)  
B.O.: # 2-4-143, Ramnagar, Hanumakonda, Warangal, Telangana - 506 001. 0870-2577540, 9849235314  
B.O.: # 2-10-1712, Chaitanyapuri, Karimnagar, Telangana - 505 001. 0870-2253201, 9989313399  
B.O.: # 111, Royal Pavilion Apartment, H.No. 6-3-787, Ameerpet, Hyderabad, Telangana - 500 016. 9949107050  
B.O.: # 1-6-62/4, Station Road, Subash Nagar, Mahabubnagar, Telangana - 509 001. 99894 15638, 0870-2445638





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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs(Financial Position) of the Company as at March 31, 2018, and its Loss(Financial Performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

#### Emphasis of Matter

We draw attention to the following:

- a) Interest accrued amounting to Rs. 7286.42 lacs (including Rs. 1361.60 lacs for the year), on compulsorily convertible debentures (Note 27) has not been provided. This constitutes a departure from the accounting standards. Accordingly had this interest been provided for and capitalised to inventories as done in earlier periods, Inventories and current liabilities would have been higher by Rs. 7286.42 lacs( Including Rs. 1361.60 lacs for the Year)
- b) Included in short term loans and advances (Note 33) is Rs. 757.98 lacs which are outstanding for long time. These advances being unsecured are unlikely to be recovered and full provision should have been made. Accordingly had full provision been made, provision for doubtful advances would have increased by Rs. 757. 98 lacs, net profits and shareholders' funds would have decreased by Rs. 757.98 lacs.

Our Opinion is not qualified 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.



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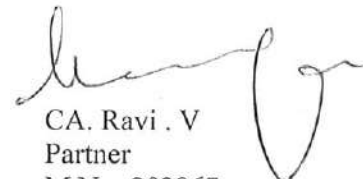
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2. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - 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.
  - 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".
  - 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:
    - The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
    - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 15.05.2018



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

  
CA. Ravi . V  
Partner  
M.No: 202967





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

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS financial statements of the Company for the year ended March 31, 2018:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
(c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.  
(b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has granted loans to M/s Prajay Engineers Syndicate Limited (Holding company) of Rs. 1525.23 Lakhs parties covered in the Register maintained under section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Service Tax, Value added Tax, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.  
(b) According to the information and explanation given to us, there are no dues of income tax, service tax, value added tax, Goods and Service Tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks but the Company has defaulted in repayment of interest dues on debentures Rs. 7286.42 lacs for the period from 24.11.2012 to 31.03.2018.







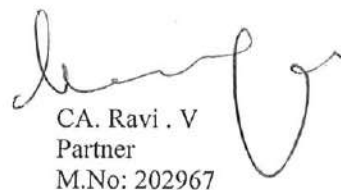
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- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. However Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad  
Date: 15.05.2018



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

  
CA. Ravi . V  
Partner  
M.No: 202967



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

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

In conjunction with our audit of the Standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of Prajay Holdings Private Limited (“the Company”) as of that date.

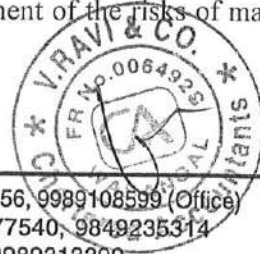
**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

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







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

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 15.05.2018



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

CA. Ravi . V  
Partner  
M.No: 202967

**Prajay Holdings Private Limited**
**Balance Sheet as at 31st March, 2018**

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

	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,706	4,512
Financial assets			
Investments in subsidiary	6	218,232	218,232
Loans	7	598	598
Deferred tax assets (net)		758	510
		<u>222,294</u>	<u>223,852</u>
<b>Current assets</b>			
Inventories	8	1,569,984	1,583,092
Financial assets			
Trade receivables	9	89,143	84,876
Cash and bank balances	10	9,462	7,147
Loans	7	239,243	243,209
Current tax assets, gross		7,373	7,373
Other current assets	11	270	270
		<u>1,915,475</u>	<u>1,925,967</u>
<b>Total assets</b>		<u>2,137,769</u>	<u>2,149,819</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	12,821	12,821
Other equity	13	325,025	328,441
<b>Total equity</b>		<u>337,846</u>	<u>341,262</u>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	14	1,701,112	1,701,112
		<u>1,701,112</u>	<u>1,701,112</u>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables	15	39,810	49,087
Other current liabilities	16	59,001	58,358
<b>Total liabilities</b>		<u>98,811</u>	<u>107,445</u>
<b>Total equity and liabilities</b>		<u>2,137,769</u>	<u>2,149,819</u>

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

for V.Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 006492S

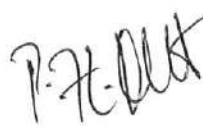
V.Ravi

Partner

Membership No: 202967



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

  
 P. Haniketh Reddy  
 Director  
 DIN: 08094912

  
 P. Purnima  
 Director  
 DIN: 08097168

Place: Hyderabad

Date: 15.05.2018



**Prajay Holdings Private Limited**
**Statement of Profit and Loss for the year ended 31st March, 2018**

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

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	17	45,921	163,423
Other income	18	1,547	888
<b>Total income</b>		<b>47,468</b>	<b>164,311</b>
<b>Expenses</b>			
Cost of sales	19	47,386	192,061
Employee benefits expense	20	340	-
Depreciation and amortisation expense		1,690	2,353
Finance costs	21	596	54
Other expenses	22	1,120	732
<b>Total expense</b>		<b>51,132</b>	<b>195,200</b>
<b>Profit before tax</b>		<b>(3664)</b>	<b>(30889)</b>
Tax expenses			
Current tax		-	-
Deferred tax charge		(248)	(401)
<b>Total tax expense</b>		<b>(248)</b>	<b>(401)</b>
<b>Profit for the year</b>		<b>(3416)</b>	<b>(30488)</b>
<b>Total comprehensive income for the year</b>		<b>(3416)</b>	<b>(30488)</b>
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		(2.66)	(23.78)

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

for V.Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 0064925

V.Ravi

Partner

Membership No: 202967



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

 P. Haniketh Reddy  
Director  
DIN: 08094912



 P. Purnima  
Director  
DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**Prajay Holdings Private Limited**

**Statement of Changes in Equity for the year ended March 31, 2018**

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

**a. Equity Share Capital**

	No. of shares	Amount
Equity shares of INR 10 each issued		
At March 31, 2017	160,000,000	1,600,000
At March 31, 2018	160,000,000	1,600,000

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

At March 31, 2017	1,282,051	12,821
At March 31, 2018	1,282,051	12,821

**b. Other equity**

Particulars	Reserves and Surplus		Total
	Share Premium	Retained Earnings	
At March 31, 2016	194,672	164,256	358,928
Profit for the year		(30,487)	(30,487)
At March 31, 2017	194,672	133,769	328,441
Profit for the year		(3,416)	(3,416)
At March 31, 2018	194,672	130,353	325,025

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

for V.Ravi & Co

Chartered Accountants

ICAI Firm Registration number: 0064928

V.Ravi

Partner

Membership No: 202967



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

*P. Haniketh Reddy*

P. Haniketh Reddy

Director

DIN: 08094912

*P. Purnima*

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018



**Prajay Holdings Private Limited**
**Statement of Cash Flows for the year ended 31.03.2018**

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
Profit before tax	(3,664)	(30,889)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	1,690	2,353
Amortisation of intangible assets	-	-
Finance income (including fair value change in financial instruments)	-	-
Finance costs (including fair value change in financial instruments)	596	54
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	(4267)	(21,194)
(Increase)/ decrease in inventories	13,108	108,283
(Increase)/ decrease in loans	3,966	9,292
Increase/ (decrease) in trade payables and other financial liabilities	(9,277)	6,081
Increase/ (decrease) in provisions	-	-
Increase/ (decrease) in other non financial liabilities	643	(77,186)
	<u>2,795</u>	<u>(3,206)</u>
Income tax paid	-	(66)
<b>Net cash flows from operating activities</b>	<u>2,795</u>	<u>(3,272)</u>
<b>Investing activities</b>		
Purchase/Sale of property, plant and equipment	116	-
Interest received (finance income)	-	-
<b>Net cash flows used in investing activities</b>	<u>116</u>	<u>-</u>
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	-	-
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	596	54
<b>Net cash flows from/ (used in) financing activities</b>	<u>596</u>	<u>54</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>2,315</u>	<u>(3,326)</u>
Cash and cash equivalents at the beginning of the year (refer note 10)	<u>7,147</u>	<u>10,473</u>
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<u><u>9,462</u></u>	<u><u>7,147</u></u>

Cash &amp; Cash Equivalents INR 3,097 thousands in Escrow account (31.03.2017 : INR 3,097 thousands)

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

for V.Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 0064928

V.Ravi

Partner

Membership No: 202967



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

 P. Haniketh Reddy  
Director  
DIN: 08094912

 P. Purnima  
Director  
DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

## **Prajay Holdings Private Limited**

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

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

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

Prajay Holdings Private Limited (the Company) is a private company domiciled & incorporated under the provisions of the Companies Act, 1956 on Sep 05, 2006. The Company is engaged primarily in the business of real estate construction and development of projects.

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

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

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015.

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

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

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

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

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

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

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

##### **Assets:**

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

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



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

**Liabilities:**

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

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

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

**3. Significant accounting policies**

**3.1 Revenue recognition**

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

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



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

*Dividend and interest income*

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

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

**3.2 Cost of construction**

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

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

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



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

**3.3 Foreign currencies**

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

**3.4 Borrowing costs**

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

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

**3.5 Taxation**

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

**Current tax**

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

**Deferred tax**

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each



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## **Prajay Holdings Private Limited**

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

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

reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.6 Earnings per share**

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

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

#### *Recognition and measurement*

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

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

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

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

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

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

#### *Depreciation*

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment as prescribed in Schedule II to the Companies Act, 2013. Leased assets



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## **Prajay Holdings Private Limited**

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

(All amounts in Indian Rupees Thousands, except share data and where otherwise stated)  
are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

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

### **3.8 Inventories**

Inventories are valued as under:

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

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

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

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

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

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



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

**3.10 Employee benefits**

*Short-term employee benefits*

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

*Defined contribution plans*

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

*Termination benefits*

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

*Other long-term employee benefits*

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

**3.11 Provisions**

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

**3.12 Contingent liabilities & contingent assets**

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



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## **Prajay Holdings Private Limited**

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

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

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

### **3.13 Financial instruments**

#### *Initial recognition*

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

#### *Subsequent measurement*

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

- Financial assets carried at amortized cost

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

- Financial assets at fair value through other comprehensive income

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

- Investment in subsidiaries and associates

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

- Financial liabilities

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



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

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

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

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

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

***Provision and contingent liability***

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

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

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

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

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



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

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

**5 Property, plant and equipment**

Particulars	Plant and Machinery	Furniture and fixtures	Computers	Vehicles	Total
<b>Cost</b>					
At March 31, 2016	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments	-	-	-	-	-
At March 31, 2017	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments				202	202
At March 31, 2018	7,016	723	10	1,414	9,163
<b>Accumulated depreciation</b>					
At March 31, 2016	1,996	224	-	280	2,500
Charge for the year	1,849	224	-	280	2,353
Less: Adjustments					-
At March 31, 2017	3,845	448	-	560	4,853
Charge for the year	1,227	214	-	249	1,690
Less: Adjustments				86	86
At March 31, 2018	5,072	662	-	723	6,457
<b>Carrying amount</b>					
At March 31, 2016	5,020	499	10	1,336	6,865
At March 31, 2017	3,171	275	10	1,056	4,512
At March 31, 2018	1,944	61	10	691	2,706

**Note**

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended March 31, 2018 was INR Nil (March 31, 2017 - INR Nil).

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

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

**6 Investments****Non-current investments****Investments carried at cost****Unquoted equity shares***Investments in subsidiaries*

2,18,23,190 (March 31, 2017: 2,18,23,190) equity shares of face value Rs. 10 each fully paid up in Prajay Developers Private Limited

**31 March 2018****31 March 2017**

218,232

218,232

**Total investments carried at cost**218,232218,232**Total investments**218,232218,232**Category-wise investments****Investment in equity instruments**218,232218,232**Other disclosures****Investment in subsidiaries**218,232218,232**7 Loans (Unsecured, considered good unless otherwise stated)****31 March 2018****31 March 2017****Non-current****Security deposits**

598

598

598598**Current****Loans and Advances to related parties**

152,523

146,129

**Advance to Subsidiary**

4,284

4,243

**Advances recoverable in cash or in kind or for value to be received**

82,436

92,837

239,243243,209*Wk**[Signature]*



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

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

**8 Inventories****31 March 2018      31 March 2017**

Land at Cost

-

-

Land and construction work in progress - at cost

1,569,984

1,583,092

1,569,9841,583,092**9 Trade receivables****31 March 2018      31 March 2017****Outstanding for a period exceeding six months from the date they are due for payment**

Unsecured, considered good

58,566

36,843

Doubtful

-

-

58,56636,843

Provision for doubtful receivables

-

-

58,56636,843**Other receivables**

Unsecured, considered good

30,577

48,033

**Total Trade receivables**89,14384,876**10 Cash and bank balances****31 March 2018      31 March 2017**

Balances with banks:

- On current accounts

9,310

6,981

Cash on hand

151

166

**Cash and cash equivalents**9,4627,147**11 Other assets****31 March 2018      31 March 2017****Non-current assets***Unsecured, considered good*

Advances for Purchase of Land / development (a)

270

270

*Unsecured, considered doubtful*

Advances for Purchase of Land / development

-

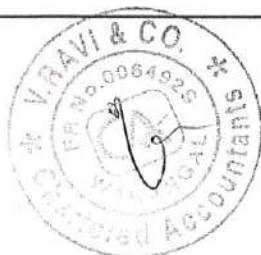
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Less: Provision against advances for Purchase of Land / development

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

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

**12 Share Capital**
**31 March 2018      31 March 2017**
**Authorised Share Capital**

16,00,00,000 (March 31, 2017: 16,00,00,000) equity shares of Rs.10 each

1,600,000      1,600,000

**Issued equity capital**

12,82,051 (March 31, 2017: 12,82,051) equity shares of Rs.10 each

12,821      12,821

**Subscribed and fully paid-up**

12,82,051 (March 31, 2017: 12,82,051) equity shares of Rs.10 each

12,821      12,821

12,821      12,821

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	1,282,051	12,821	1,282,051	12,821
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,282,051	12,821	1,282,051	12,821

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

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

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Engineers Syndicate Limited	999,900	78.00	999,900	78.00
-White Stock Limited	282,151	22.00	282,151	22.00

**13 Other equity**
**31 March 2018      31 March 2017**

Share premium		
Opening balance	194,672	194,672
Add: Premium on fresh issue	-	-
Closing balance	194,672	194,672
Equity Component of Compulsorily Convertible Debentures	112,706	112,706
Equity Component of Optionally Convertible Preference Shares	179,835	179,835
Retained earnings		
Opening balance	(158,772)	(128,285)
Profit/(loss) for the year	(3,416)	(30,487)
Less: Transfers to general reserve	-	-
Closing balance	130,353	133,769
Total other equity	325,025	328,441



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

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

**14 Borrowings****31 March 2018      31 March 2017****Non-current Borrowings****Secured loans****Compulsorily Convertible Debentures**

1,244,265

1,244,265

(held by White Stock Limited)

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

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

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

Less: Equity Component of CCD

112,706

112,706

1,131,559

1,131,559

**Debenture Application Money**

105,000

105,000

**Liability component of Optionally Convertible Preference Shares**

464,553

464,553

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

(ii) of the above:

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

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

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

**Total non-current borrowings**

1,701,112

1,701,112

**15 Trade payables****31 March 2018****31 March 2017**

Total outstanding dues of micro enterprises and small enterprises

Others

39,810

49,087

39,810

49,087

**16 Other current liabilities****31 March 2018****31 March 2017**

Advance from Customers

59,001

58,358

59,001

58,358



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

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

<b>17 Revenue from operations</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Sale of Constructed Properties	45,921	163,423
	-	-
	<u>45,921</u>	<u>163,423</u>
<b>18 Other income</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Miscellaneous income	1,547	888
	<u>1,547</u>	<u>888</u>
<b>19 Cost of sales</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Raw material and components/ Development and construction costs consumed		
Inventory at the beginning of the year:		
-Land	-	-
-Constructed Properties	1,583,092	1,691,373
	<u>1,583,092</u>	<u>1,691,373</u>
Add: Purchases/Development and Construction Costs	34,278	83,780
Less: inventory at the end of the year :		
-Land	-	-
-Constructed Properties	1,569,984	1,583,092
Sub total	<u>1,569,984</u>	<u>1,583,092</u>
Cost of raw material and components consumed :		
-Development /Construction Costs	47,386	192,061
	<u>47,386</u>	<u>192,061</u>
<b>20 Employee benefits expense</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Salaries, wages and bonus	2,068	5,206
Contribution to provident and other funds	132	288
Staff welfare expenses	159	439
	<u>2,359</u>	<u>5,933</u>
Less: Allocated to Projects	2,019	5,933
	<u>340</u>	<u>-</u>



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

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

**21 Finance costs**

	31 March 2018	31 March 2017
Bank Charges and others	596	54
	<u>596</u>	<u>54</u>
Less: Allocated to Projects	-	-
	<u>596</u>	<u>54</u>

**22 Other expenses**

	31 March 2018	31 March 2017
Advertisements	-	15
Legal and professional	142	180
Power and fuel	3,211	3,469
Repairs and maintenance		
Plant and machinery	3	13
Vehicles	66	35
Others	319	56
Insurance	53	64
Travel and conveyance	197	192
Rates and taxes	250	60
Auditors' remuneration	120	121
Other general expenses	39	99
	<u>4,400</u>	<u>4,304</u>
Less: Allocated to Projects	3,280	3,572
	<u>1,120</u>	<u>732</u>

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

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

**23. Earnings per share**

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

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

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

Particulars	31 March 2018	31 March 2017
Profit/(Loss) after tax attributable to shareholders in INR Thousands	(3,416)	(30,488)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	12,82,051	12,82,051
Earnings per Share ( Basic & Diluted)	(2.66)	(23.78)

**Notes:**

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

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



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

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

**25. Land**

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

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

27. The liability towards the CCD's held by M/s L.B.Hyderabad Investments Inc.LLC, Stands settled. The entire CCD's were taken over by M/s White Stock Limited. Further fresh CCD's were issued to White Stock Limited. The Interest Liability on the old CCD's from the date of take over, as well as on the new CCD's falls due for payment every quarter. The interest on CCDs from 24.11.12 to 31.03.18 amounting to Rs.7,28,642 thousands has not been paid or provided for in the books of accounts.

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

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

**29. Commitments and contingencies**

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

**30. Value of Import of CIF Basis**

Particulars	2017-18	2016-17
	(Rs. in Thousands)	(Rs. in Thousands)
Construction related equipment and material –	Nil	Nil

**31. Expenditure in Foreign Currency**

Particulars	2017-18	2016-17
	(Rs. in Thousands)	(Rs. in Thousands)
Investments	Nil	Nil
Others	Nil	Nil



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**Prajay Holdings Private Limited**

**Notes forming part of the financial statements**

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

**32. Auditors' Remuneration**

Particulars	2017-18 (Rs. in Thousands)	2016-17 (Rs. in Thousands)
Audit Fee	120	120
For Other matters	--	--

**33.** Short-term loans and advances (Note 14) include advances given to suppliers, etc amounting to Rs.75,799 thousands outstanding from earlier years. Due to long term involvement in projects, no provision has been considered necessary.

**34. Prior year comparatives**

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

**35.** Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board. The matter is pending before the Hon'ble NCLT and the company has authorised its directors to represent the company before the Hon'ble court and make submissions, in the best interest of the stakeholders of the company.

As per our report of even date attached

For V.Ravi & Co

Chartered Accountants

ICAI Firm Regn.No:006492S

CA.V Ravi

Partner

Membership No:221185



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

P. Haniketh Reddy

Director

DIN: 08094912

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018





## INDEPENDENT AUDITOR'S REPORT

**To The Members Of**  
**M/s Prajay Holdings Private Limited**

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

We have audited the accompanying consolidated financial statements of Prajay Holdings Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its Subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

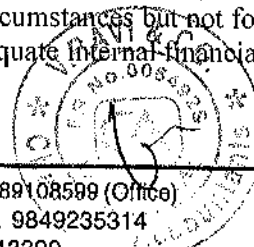
The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial





controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### **Emphasis of Matter**

We draw attention to the following:

- a) Interest accrued amounting to Rs.7286.42 Lakhs (including Rs.1361.59 lakhs for the year), on compulsorily convertible debentures (Note 27) has been provided for. This constitutes a departure from the Accounting Standards notified under the Companies Act, 2013. Accordingly, had the interest been the for and capitalized to inventories as done in the earlier years, inventories and Current Liabilities would have been higher by Rs.7286.42 Lakhs(Including Rs.1361.60 Lakhs for the year)
- b) Included in short term loans and advances (Note 33) is Rs.757.98 Lakhs due from two parties, which are outstanding for long time. These advances being unsecured are unlikely to be recovered and full provision should have been made. Accordingly had full provision been made, provision for doubtful advances would have decreased by Rs.757.98 Lakhs.

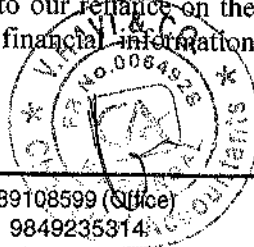
#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### **Other Matters**

We did not audit the financial statements / financial information of one (1) subsidiary whose financial statements / financial information reflect total assets of Rs. 2216.323 Lacs as at 31st March, 2018, total revenues of Rs. 0(Zero) lacs and net cash flows amounting to Rs. -0.05 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net Loss of Rs. 0.918 lacs for the year ended 31<sup>st</sup> March, 2018, as considered in the consolidated financial statements whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

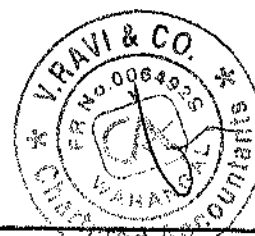






### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comment in the auditors' reports of the Holding company, subsidiary company, incorporated in India, not required to this company.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) That the reports on the accounts of subsidiary company incorporated in India, audited under Section 143 (8) of the Act have been sent to us by the other auditors, as applicable, and have been properly dealt with in preparing this report.
  - (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure A.
  - (g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:





**V. RAVI & CO.**  
CHARTERED ACCOUNTANTS  
vraviandco.ca@gmail.com

- i. There were no pending litigations which would impact the consolidation position of the Group.
- ii. The group did not have any material foreseeable losses on long term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the investor education and protection fund by the Holding Company and its subsidiary companies incorporated in India.

For and on behalf of  
V. Ravi & Co  
Chartered Accountants  
FRN: 006492S

CA. Ravi .V  
Partner  
M.No. 202967



Place: Hyderabad  
Date: 15.05.2018





**V. RAVI & CO.**  
CHARTERED ACCOUNTANTS  
vraviandco.ca@gmail.com

**Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of Prajay Holdings Private Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of**

**Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31<sup>st</sup> March 2018, we have audited the internal financial controls over financial reporting of Prajay Holdings Private Limited (“the Holding Company”) and its subsidiary which is companies incorporated in India as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India are 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.

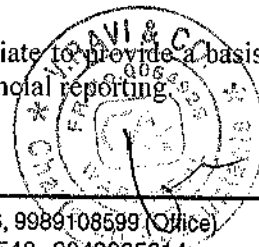
**Auditors’ Responsibility**

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.



H.O.: # 2-6-54, Circuit House Road, Hanumakonda, Warangal, Telangana - 506 001. 9652108456, 9989108599 (Office)  
B.O.: # 2-4-143, Ramnagar, Hanumakonda, Warangal, Telangana - 506 001. 0870-2577540, 9849235314  
B.O.: # 2-10-1712, Chaitanyapuri, Karimnagar, Telangana - 505 001. 0870-2253201, 9989313399  
B.O.: # 111, Royal Pavilion Apartment, H.No. 6-3-787, Ameerpet, Hyderabad, Telangana - 500 016. 9949107050  
B.O.: # 1-6-62/4, Station Road, Subash Nagar, Mahabubnagar, Telangana - 509 001. 99894 15638, 0870-2445638



**V. RAVI & CO.**  
CHARTERED ACCOUNTANTS  
vraviandco.ca@gmail.com

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

### Opinion

In our opinion, the Holding company and its subsidiary company which are incorporated in India 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".

For and on behalf of

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



CA.Ravi.V  
Partner

Membership number: 202967

Place: Hyderabad  
Date: 15.05.2018

**Prajay Holdings Private Limited**
**Consolidated Balance Sheet as at 31st March, 2018**

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

	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,706	4,512
Financial assets			
Loans	7	598	598
Deferred tax assets (net)		758	510
		<u>4,062</u>	<u>5,620</u>
<b>Current assets</b>			
Inventories	8	17,91,520	18,04,628
Financial assets			
Trade receivables	9	89,143	84,876
Cash and bank balances	10	9,557	7,249
Loans	7	2,34,551	2,38,592
Current tax assets, gross		7,373	7,373
Other current assets	11	270	270
		<u>21,32,414</u>	<u>21,42,988</u>
<b>Total assets</b>		<u>21,36,476</u>	<u>21,48,608</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	12,821	12,821
Other equity	13	3,23,710	3,27,218
<b>Total equity</b>		<u>3,36,531</u>	<u>3,40,039</u>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	14	17,01,112	17,01,112
Deferred tax liabilities (net)		-	-
		<u>17,01,112</u>	<u>17,01,112</u>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables	15	39,832	49,099
Other current liabilities	16	59,001	58,358
		<u>98,833</u>	<u>1,07,457</u>
<b>Total liabilities</b>		<u>21,36,476</u>	<u>21,48,608</u>
<b>Total equity and liabilities</b>		<u>21,36,476</u>	<u>21,48,608</u>

Summary of significant accounting policies

1 to 5

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

As per our report of even date attached

for V.Ravi &amp; Co

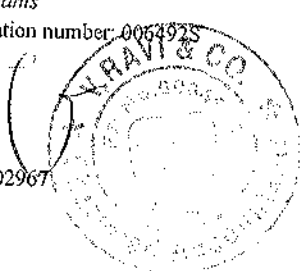
Chartered Accountants

ICAI Firm Registration number: 0064923

V.Ravi

Partner

Membership No: 202967



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

P. Haniketh Reddy

Director

DIN: 08094912

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018



**Prajay Holdings Private Limited**
**Consolidated Statement of Profit and Loss for the year ended 31st March, 2018**

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

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	17	45,921	1,63,423
Other income	18	1,547	888
<b>Total income</b>		<b>47,468</b>	<b>1,64,311</b>
<b>Expenses</b>			
Cost of sales	19	47,386	1,92,061
Employee benefits expense	20	340	-
Depreciation and amortisation expense		1,690	2,353
Finance costs	21	596	54
Other expenses	22	1,212	755
<b>Total expense</b>		<b>51,224</b>	<b>1,95,223</b>
<b>Profit before tax</b>			
Tax expenses		(3756)	(30912)
Current tax		-	-
Deferred tax charge		(248)	(401)
<b>Total tax expense</b>		<b>(248)</b>	<b>(401)</b>
<b>Profit for the year</b>		<b>(3508)</b>	<b>(30511)</b>
<b>Total comprehensive income for the year</b>		<b>(3508)</b>	<b>(30511)</b>
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		(2.74)	(23.80)

Summary of significant accounting policies

1 to 5

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

As per our report of even date attached

for V.Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 006492S

V.Ravi

Partner

Membership No: 202967



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

 P. Haniketh Reddy  
 Director  
 DIN: 08094912



 P. Purnima  
 Director  
 DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**Prajay Holdings Private Limited****Statement of Changes in Equity of the Consolidated Financial Statements for the year ended March 31, 2018**

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

**a. Equity Share Capital**

	No. of shares	Amount
<b>Equity shares of INR 10 each issued</b>		
At March 31, 2017	1600,00,000	16,00,000
At March 31, 2018	1600,00,000	16,00,000

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

At March 31, 2017	12,82,051	12,821
At March 31, 2018	12,82,051	12,821

**b. Other equity**

Particulars	Reserves and Surplus		Total
	Share Premium	Retained Earnings	
<b>At March 31, 2016</b>			
Profit for the year	1,94,672	1,63,057 (30,511)	3,57,729 (30,511)
<b>At March 31, 2017</b>			
Profit for the year	1,94,672	1,32,546 (3,508)	3,27,218 (3,508)
<b>Balance as of 31 March 2018</b>	1,94,672	1,29,038	3,23,710

**Summary of significant accounting policies**

1 to 5

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

As per our report of even date attached

for V.Ravi &amp; Co

Chartered Accountants

ICAI Firm Registration number: 00649280

V.Ravi

Partner

Membership No: 202967



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

P. Haniketh Reddy

Director

DIN: 08094912

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**Prajay Holdings Private Limited**

**Statement of Consolidated Cash Flows for the year 2017-18**

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
Profit before tax	(3756)	(30912)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	1,690	2,353
Amortisation of intangible assets	-	-
Finance income (including fair value change in financial instruments)	-	-
Finance costs (including fair value change in financial instruments)	596	54
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(4267)	(21194)
(Increase)/ decrease in inventories	13,108	1,08,282
(Increase)/ decrease in loans	4,041	9,304
(Increase)/ decrease in other assets	-	-
Increase/ (decrease) in trade payables and other financial liabilities	(9267)	6,093
Increase/ (decrease) in other non financial liabilities	643	(77186)
Income tax paid	2,788	(3206)
<b>Net cash flows from operating activities</b>	<b>2,788</b>	<b>(66)</b>
<b>Investing activities</b>		
Purchase /Sale of property, plant and equipment	116	-
Interest received (finance income)	-	-
<b>Net cash flows used in investing activities</b>	<b>116</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	-	-
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	596	54
<b>Net cash flows from/ (used in) financing activities</b>	<b>596</b>	<b>54</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,308</b>	<b>(3326)</b>
Cash and cash equivalents at the beginning of the year (refer note 10)	7,249	10,575
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>9,557</b>	<b>7,249</b>

Cash & Cash Equivalents INR 3,097 thousands in Escrow account (31.03.2017 : INR 3,097 thousands)

Summary of significant accounting policies

1 to 5

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

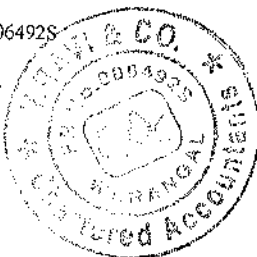
As per our report of even date attached

for V.Ravi & Co

Chartered Accountants

ICAI Firm Registration number: 006492S

V. Ravi  
Partner  
Membership No: 202967



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

P. Haniketh Reddy  
Director  
DIN: 08094912

P. Purnima  
Director  
DIN: 08097168

Place: Hyderabad

Date: 15.05.2018



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

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

**1. General information**

Prajay Holdings Private Limited (the parent company) is a private limited company domiciled & incorporated under the provisions of the Companies Act, 1956 on September 05, 2006. The Company together with its subsidiary (hereinafter collectively referred to as "the Group" or "the Company") is engaged primarily in the business of real estate construction and development of projects.

**Description of the Group**

Subsidiary of the parent company is listed below:

Name	Relationship	Country of Incorporation	Percentage of ownership interests as at March 31, 2018	Percentage of ownership interests as at March 31, 2017
Prajay Developers Private Limited (Formerly MVL Trading Company Private Ltd.)	Subsidiary	India	100.00	100.00

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

The consolidated financial statements of the Group have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015.

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

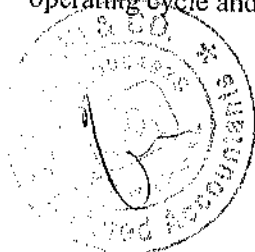
- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

**2.1 Functional currency**

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

**2.2 Operating cycle**

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



**Prajay Holdings Private Limited**

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

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

**Assets:**

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

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

**Liabilities:**

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

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

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

**3. Significant accounting policies**

**3.1 Basis of consolidation**

**Subsidiaries**

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

For the purpose of preparing these consolidated financial statements, the accounting policies of associates have been changed where necessary to align them with the policies adopted by the Company.

**Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.



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### Loss of Control



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## **Prajay Holdings Private Limited**

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

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

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

### **3.3 Revenue recognition**

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

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- (ii) Revenue from constructed properties (excluding service tax/GST) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately.

Service tax / GST does not form part of gross revenue.

- (iii) Contract revenue from the construction contracts are recognized on "percentage of completion method measured by survey of work performed" depending on the nature of the contract. The revenue on construction contract is recognized only when the stage of completion is 20 percent or more when the outcome of the contract can be estimated reliably. When it is probable that the total cost exceeds the total contract revenue, the expected loss is recognized immediately.

### *Dividend and interest income*

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

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is



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

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

the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**3.4 Cost of construction**

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

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

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

**3.5 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**3.6 Foreign currencies**

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

**3.7 Borrowing costs**

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



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## **Prajay Holdings Private Limited**

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

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

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

### **3.8 Taxation**

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

#### **Current tax**

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

#### **Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

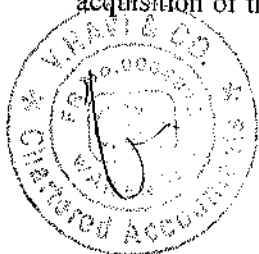
### **3.9 Earnings per share**

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

### **3.10 Property, plant and equipment**

#### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs



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## **Prajay Holdings Private Limited**

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

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

directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

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

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

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

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

#### *Depreciation*

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

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

### **3.11 Inventories**

Inventories are valued as under:

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

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

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

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of



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## **Prajay Holdings Private Limited**

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

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

impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

### **3.13 Employee benefits**

#### *Short-term employee benefits*

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

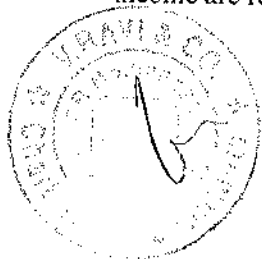
### **3.14 Provisions**

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

### **3.15 Contingent liabilities & contingent assets**

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

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



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**Prajay Holdings Private Limited**

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

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

**3.16 Financial instruments**

*Initial recognition*

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

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

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

- Financial assets at fair value through other comprehensive income

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

- Investment in subsidiaries

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

- Financial liabilities

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

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

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



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**Prajay Holdings Private Limited**

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

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

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

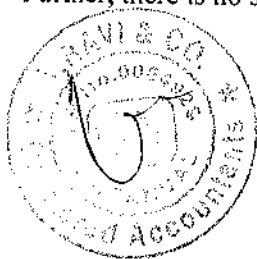
The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

***5.Provision and contingent liability***

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

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.



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**Prajay Holdings Private Limited**
**Notes forming part of the Consolidated Financial Statements**

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

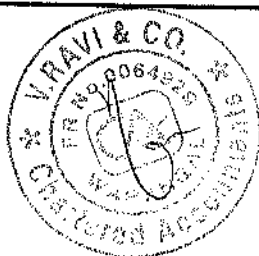
**6 Property, plant and equipment**

Particulars	Plant and Machinery	Furniture and fixtures	Computers	Vehicles	Total
<b>Cost</b>					
At March 31, 2016	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments	-	-	-	-	-
At March 31, 2017	7,016	723	10	1,616	9,365
Additions	-	-	-	-	-
Adjustments	-	-	-	202	202
At March 31, 2018	7,016	723	10	1,414	9,163
<b>Accumulated depreciation</b>					
At April 1, 2016	1,996	224	-	280	2,500
Charge for the year	1,849	224	-	280	2,353
Less: Adjustments	-	-	-	-	-
At March 31, 2017	3,845	448	-	560	4,853
Charge for the year	1,227	214	-	249	1,690
Less: Adjustments	-	-	-	86	86
At March 31, 2018	5,072	662	-	723	6,457
<b>Carrying amount</b>					
At March 31, 2016	5,020	499	10	1,336	6,865
At March 31, 2017	3,171	275	10	1,056	4,512
At March 31, 2018	1,944	61	10	691	2,706

**Note**

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended March 31, 2018 was INR Nil (March 31, 2018 - INR Nil).



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**Prajay Holdings Private Limited**
**Notes forming part of the Consolidated Financial Statements**

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

**7 Loans (Unsecured, considered good unless otherwise stated)**

	31 March 2018	31 March 2017
<b>Non-current</b>		
Security deposits	598	598
	<u>598</u>	<u>598</u>

**Current**

Loans and Advances to related parties	152,115	145,755
Advances recoverable in cash or in kind or for value to be received	82,436	92,837
	<u>234,551</u>	<u>238,592</u>

**8 Inventories**

	31 March 2018	31 March 2017
Land at Cost	221,173	221,173
Land and construction work in progress - at cost	1,570,347	1,583,455
	<u>1,791,520</u>	<u>1,804,628</u>

**9 Trade receivables**

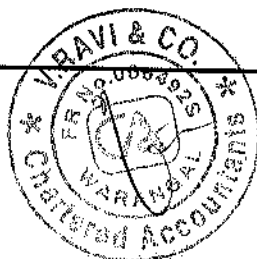
	31 March 2018	31 March 2017
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	58,566	36,843
Doubtful	-	-
	<u>58,566</u>	<u>36,843</u>
Provision for doubtful receivables	-	-
	<u>58,566</u>	<u>36,843</u>
<b>Other receivables</b>		
Unsecured, considered good	30,577	48,033
<b>Total Trade receivables</b>	<u>89,143</u>	<u>84,876</u>

**10 Cash and bank balances**

	31 March 2018	31 March 2017
Balances with banks:		
- On current accounts (a)	9,324	6,995
Cash on hand	233	254
Cash and cash equivalents	<u>9,557</u>	<u>7,249</u>

**11 Other assets**

	31 March 2018	31 March 2017
<b>Non-current assets</b>		
<i>Unsecured, considered good</i>		
Advances for Purchase of Land / development (a)	270	270
	<u>270</u>	<u>270</u>
Less: Provision against advances for Purchase of Land / development	-	-
	<u>270</u>	<u>270</u>



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**Prajay Holdings Private Limited**
**Notes forming part of the Consolidated Financial Statements**

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

**12 Share Capital**
**Authorised Share Capital**

16,00,00,000 (March 31, 2017: 16,00,00,000) equity shares of Rs.10 each

**31 March 2018**      **31 March 2017**

1,600,000      1,600,000

**Issued equity capital**

12,82,051 (March 31, 2017: 12,82,051) equity shares of Rs.10 each

12,821      12,821

**Subscribed and fully paid-up**

12,82,051 (March 31, 2017: 12,82,051) equity shares of Rs.10 each

12,821      12,821

12,821      12,821

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	1,282,051	12,821	1,282,051	12,821
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,282,051	12,821	1,282,051	12,821

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

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

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Engineers Syndicate Limited	999,900	78.00	999,900	78.00
-White Stock Limited	282,151	22.00	282,151	22.00

**13 Other equity**
**31 March 2018**      **31 March 2017**
**Share premium**
**Opening balance**

194,672      194,672

**Add: Premium on fresh issue**
**Closing balance**

194,672      194,672

**Equity Component of Compulsorily Convertible Debentures**

112,706      112,706

**Equity Component of Optionally Convertible Preference Shares**

179,835      179,835

**Retained earnings**
**Opening balance**

(159,995)      (129,484)

**Profit/(loss) for the year**

(3,508)      (30,511)

**Less: Transfers to general reserve**
**Closing balance**

129,038      132,546

**Total other equity**

323,710      327,218



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**Prajay Holdings Private Limited**  
**Notes forming part of the Consolidated Financial Statements**  
 (All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

**14 Borrowings**

**Non-current Borrowings**

**Secured loans**

**Compulsorily Convertible Debentures**  
 (held by White Stock Limited)

**31 March 2018**      **31 March 2017**

1,244,265      1,244,265

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

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

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

Less: Equity Component of CCD

112,706      112,706

1,131,559      1,131,559

105,000      105,000

**Debenture Application Money**

**Liability component of Optionally Convertible Preference Shares**

464,553      464,553

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

(ii) of the above:

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

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

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

**Total non-current borrowings**

1,701,112      1,701,112

**15 Trade payables**

**31 March 2018**      **31 March 2017**

Total outstanding dues of micro enterprises and small enterprises

Others

39,832      49,099

39,832      49,099

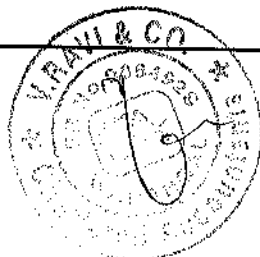
**16 Other current liabilities**

**31 March 2018**      **31 March 2017**

Advance from Customers

59,001      58,358

59,001      58,358



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**Prajay Holdings Private Limited**  
**Notes forming part of the Consolidated Financial Statements**  
 (All amounts in Indian Rupees Lakhs, except share data and where otherwise stated)

**17 Revenue from operations**

	31 March 2018	31 March 2017
Sale of Constructed Properties	45,921	163,423
	<u>45,921</u>	<u>163,423</u>

**18 Other income**

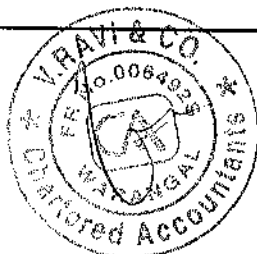
	31 March 2018	31 March 2017
Miscellaneous income	1,547	888
	<u>1,547</u>	<u>888</u>

**19 Cost of sales**

	31 March 2018	31 March 2017
Raw material and components/ Development and construction costs consumed		
Inventory at the beginning of the year:		
-Land	221,173	221,173
-Constructed Properties	1,583,455	1,691,736
	<u>1,804,628</u>	<u>1,912,909</u>
Add: Purchases/Development and Construction Costs	34,278	83,780
Less: inventory at the end of the year :		
-Land	221,173	221,173
-Constructed Properties	1,570,347	1,583,455
Sub total	<u>1,791,520</u>	<u>1,804,628</u>
Cost of raw material and components consumed :		
-Development /Construction Costs	47,386	192,061
	<u>47,386</u>	<u>192,061</u>

**20 Employee benefits expense**

	31 March 2018	31 March 2017
Salaries, wages and bonus	2,068	5,206
Contribution to provident and other funds	132	288
Staff welfare expenses	159	439
	<u>2,359</u>	<u>5,933</u>
Less: Allocated to Projects	2,019	5,933
	<u>340</u>	<u>-</u>



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**Prajay Holdings Private Limited**

**Notes forming part of the Consolidated Financial Statements**

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

**21 Finance costs**

	31 March 2018	31 March 2017
Bank Charges and others	596	54
	<u>596</u>	<u>54</u>
Less: Allocated to Projects	-	-
	<u>596</u>	<u>54</u>

**22 Other expenses**

	31 March 2018	31 March 2017
Advertisements	-	15
Legal and professional	142	180
Power and fuel	3,211	3,469
Repairs and maintenance		
Plant and machinery	3	13
Vehicles	66	35
Others	319	56
Insurance	53	64
Travel and conveyance	197	192
Rates and taxes	250	60
Auditors' remuneration	120	121
Other general expenses	131	122
	<u>4,492</u>	<u>4,327</u>
Less: Allocated to Projects	3,280	3,572
	<u>1,212</u>	<u>755</u>



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

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

**23. Earnings per share**

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

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

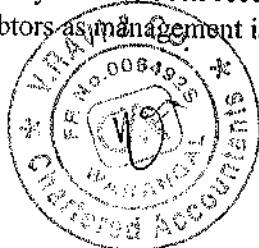
The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2018	31 March 2017
Profit/(Loss) after tax attributable to shareholders in INR Thousands	(3,058)	(30,511)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	12,82,051	12,82,051
Earnings per Share ( Basic & Diluted)	(2.74)	(23.80)

**Notes:**

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

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



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

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

**25. Land**

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

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

27. The liability towards the CCD's held by M/s L.B.Hyderabad Investments Inc.LLC, Stands settled. The entire CCD's were taken over by M/s White Stock Limited. Further fresh CCD's were issued to White Stock Limited. The Interest Liability on the old CCD's from the date of take over, as well as on the new CCD's falls due for payment every quarter. The interest on CCDs from 24.11.12 to 31.03.18 amounting to Rs.7,28,642 thousands has not been paid or provided for in the books of accounts.

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

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

**29. Commitments and contingencies**

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

**30. Value of Import of CIF Basis**

Particulars	2017-18	2016-17
	(Rs. in Thousands)	(Rs. in Thousands)
Construction related equipment and material –	Nil	Nil

**31. Expenditure in Foreign Currency**

Particulars	2017-18	2016-17
	(Rs. in Thousands)	(Rs. in Thousands)
Investments	Nil	Nil
Others	Nil	Nil



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**Prajay Holdings Private Limited**

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

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

**32. Auditors' Remuneration**

Particulars	2017-18	2016-17
	(Rs. in Thousands)	(Rs. in Thousands)
Audit Fee	143	143
For Other matters	--	--

33. Short-term loans and advances (Note 7) include advances given to suppliers, etc amounting to Rs.75,799 thousands outstanding from earlier years. Due to long term involvement in projects, no provision has been considered necessary.

**34. Prior year comparatives**

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

35. Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board. The matter is pending before the Hon'ble NCLT and the company has authorised its directors to represent the company before the Hon'ble court and make submissions, in the best interest of the stakeholders of the company.

As per our report of even date attached

For V.Ravi & Co

Chartered Accountants

ICAI Firm Regn.No:006492S

V.Ravi

Partner

Membership No:202967



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

Haniketh Reddy

Director

DIN: 08094912

P.Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

## Independent Auditors' Report

To  
The Members of  
**M M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED**  
Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Profit (financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### Auditor's Responsibility

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

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



#### VIJAYAWADA BRANCH :

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh.  
Email: camkrvjd@gmail.com

#### BENGALURU BRANCH :

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036,  
Email: cablrnmkr@gmail.com



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

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

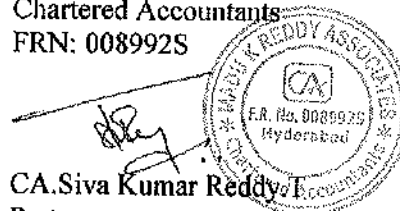
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.



- e) On the basis of the written representations received from the directors as on 31st March, 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.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 26.05.2018

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S



CA. Siva Kumar Reddy  
Partner  
M.No: 212128



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

**HEAD OFFICE:** # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Standalone Ind AS financial statements of **M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED** for the year ended March 31, 2018:

**I. In Respect of Fixed Assets**

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

**II. In Respect of inventories**

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

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

The Company has granted loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

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

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

**V. Deposits**

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

**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
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**BENGALURU BRANCH**

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Devasandra Main Road, Ayyappa Nagar  
KR Puram, Bengaluru - 560036.  
Email: cabirmkr@gmail.com

**VI. Maintenance of Cost Records**

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

**VII. Deposit of Statutory Dues**

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

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

**b. Dispute for Tax and duty**

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

**VIII. Repayment of Loans or Borrowings**

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

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

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

**X. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. However Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board

**XI. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.

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

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





**XIII. Related Party transactions**

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

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

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

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

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

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

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

Place: Hyderabad  
Date: 26.05.2018

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

CA. Siva Kumar Reddy  
Partner  
M.No. 212128





**MADU K REDDY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**HEAD OFFICE: # 6-3-668/10/58.**  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of M/S. PRAJAY RETAIL PROPERTIES PRIVATE LIMITED ("the Company") as of that date.

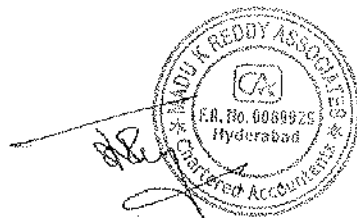
**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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



**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh.  
Email: camkrvj@gmail.com

**BENGALURU BRANCH:**

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036,  
Email: cablrnkr@gmail.com

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

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

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

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

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

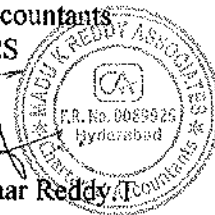
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 26.05.2018

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

CA. Siva Kumar Reddy  
Partner  
M.No: 212128



**Prajay Retail Properties Private Limited****Balance Sheet as at 31st March, 2018**

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

Particulars	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Current assets</b>			
Inventories	5	94,62,957	94,62,957
Financial assets			
Investments	6	11,65,394	10,44,451
Cash and bank balances	7	10,09,129	10,12,334
Others	8	8,66,27,471	8,66,96,987
Current tax assets, gross		1,17,360	1,21,307
<b>Total assets</b>		<b>9,83,82,310</b>	<b>9,83,38,036</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	9	50,00,000	50,00,000
Other equity	10	(1,48,50,497)	(1,48,81,532)
<b>Total equity</b>		<b>(98,50,497)</b>	<b>(98,81,532)</b>
<b>Current liabilities</b>			
Financial Liabilities			
Other financial liabilities	11	8,61,59,450	8,61,41,750
Other current liabilities	12	2,20,18,000	2,20,18,000
Current Tax Liabilities		55,357	59,818
<b>Total liabilities</b>		<b>10,82,32,807</b>	<b>10,82,19,568</b>
<b>Total equity and liabilities</b>		<b>9,83,82,310</b>	<b>9,83,38,036</b>

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

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

for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 008992S

CA. Siva Kumar Reddy, T.

Partner

Membership No: 212128



D. Vijay Sen Reddy

Director

DIN: 00291185

Sumit Sen

Director

DIN: 01028417

Place: Hyderabad

Date: 26.05.2018



**Prajay Retail Properties Private Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2018**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	For the year ended	For the year ended
		31 March 2018	31 March 2017
Revenue from operations		-	-
Other income	13	1,29,111	84,123
<b>Total Income</b>		<b>1,29,111</b>	<b>84,123</b>
Expenses			
Other expenses	14	84,198	24,772
<b>Total expense</b>		<b>84,198</b>	<b>24,772</b>
Profit before tax		44,913	59,351
Tax expenses			
Provision for Income Tax		13,878	18,339
<b>Profit for the year</b>		<b>31,035</b>	<b>41,012</b>
<b>Total comprehensive income for the year</b>		<b>31,035</b>	<b>41,012</b>

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

Basic and Diluted	6.21	8.20
-------------------	------	------

**Summary of significant accounting policies** 1 to 4

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

As per our report of even date attached

for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 0089928

CA. Siva Kumar Reddy, T

Partner

Membership No: 212128



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

*[Signature]*

**D. Vijay Sen Reddy**  
 Director  
 DIN: 00291185

*[Signature]*

**Sumit Sen**  
 Director  
 DIN: 01028417

Place: Hyderabad

Date: 26.05. 2018

**Prajay Retail Properties Private Limited****Statement of Changes in Equity for the year ended March 31, 2018**

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

**a. Equity Share Capital**

Particulars	No. of shares	Amount
<b>Equity shares of INR 10 each issued</b>		
At March 31, 2017	5,000	50,00,000
At March 31, 2018	5,000	50,00,000
<b>Equity shares of INR 10 each subscribed and fully paid-up</b>		
At March 31, 2017	5,000	50,00,000
At March 31, 2018	5,000	50,00,000

**b. Other equity**

Particulars	Reserves and Surplus	Total
	Retained Earnings	
At April 1, 2017	(1,49,22,544)	(1,49,22,544)
Profit for the year	41,012	41,012
At March 31, 2018	(1,48,81,532)	(1,48,81,532)
Profit for the year	31,035	31,035
<b>Balance as of 31 March 2018</b>	<b>(1,48,50,497)</b>	<b>(1,48,50,497)</b>

Summary of significant accounting policies

1 to 5

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

As per our report of even date attached

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

for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 008992S

CA. Siva Kumar Reddy. T

Partner

Membership No: 212128



D. Vijay Sen Reddy

Director

DIN: 00291185

Sumit Sep

Director

DIN: 01028417

Place: Hyderabad

Date: 26.05.2018

**Prajay Retail Properties Private Limited**  
**Statement of Cash Flows**  
(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
Profit before tax	44,913	59,351
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	-	-
Finance income (including fair value change in financial instruments)	1,29,111	84,123
Finance costs (including fair value change in financial instruments)	-	-
<b>Working capital adjustments:</b>		
(Increase)/ decrease in inventories	-	-
(Increase)/ decrease in investments	(1,20,943)	(75,712)
(Increase)/ decrease in other financial assets	69,516	48,56,385
Increase/ (decrease) in trade payables and other financial liabilities	17,700	(16,458)
Increase/ (decrease) in other current liabilities	-	(48,00,000)
Increase/ (decrease) in provisions	3,947	-
Income tax paid	1,44,244	1,07,689
<b>Net cash flows from operating activities</b>	18,339	23,796
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	-
Interest received (finance income)	(1,29,111)	(84,123)
<b>Net cash flows used in investing activities</b>	(1,29,111)	(84,123)
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	-	-
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	-	-
<b>Net cash flows from/ (used in) financing activities</b>	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	(3,206)	(230)
Cash and cash equivalents at the beginning of the year (refer note 8)	10,12,334	10,12,564
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	10,09,128	10,12,334

Summary of significant accounting policies

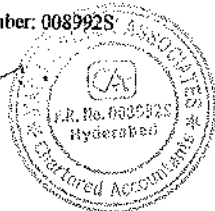
1 to 5

The accompanying notes are an integral part of the standalone financial statements.  
As per our report of even date attached

for Madu K Reddy Associates  
Chartered Accountants

ICAI Firm Registration Number: 0089928

CA Siva Kumar Reddy, T  
Partner  
Membership No: 212128



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

*[Signature]*

D. Vijay Sen Reddy  
Director  
DIN: 00291185

*[Signature]*

Sumit Sen  
Director  
DIN: 01028417

Place: Hyderabad  
Date: 26.05.2018

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

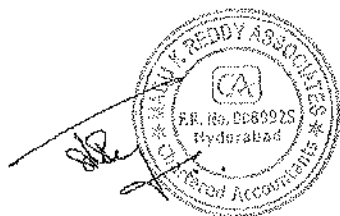
(All amounts in Indian Rupees, except share data and where otherwise stated)

**7 Cash and bank balances**

Particulars	31 March 2018	31 March 2017
Balances with banks:		
- On current accounts (a)	6,47,986	6,48,635
Cash on hand	3,61,143	3,63,699
<b>Cash and cash equivalents</b>	<b>10,09,129</b>	<b>10,12,334</b>

**8 Other assets**

Particulars	31 March 2018	31 March 2017
<b>Current assets</b>		
Prajay Engineers Syndicate Limited	8,37,36,471	7,73,05,987
Vijmohan Construction Private Limited	28,91,000	28,91,000
Other Advances *	-	65,00,000
	<b>8,66,27,471</b>	<b>8,66,96,987</b>



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

**9 Share Capital**

Particulars	31 March 2018	31 March 2017
<b>Authorised Share Capital</b> 5,000 (March 31, 2017: 5,000) equity shares of Rs. 1,000 each	50,00,000	50,00,000
<b>Issued equity capital</b> 5,000 (March 31, 2017: 5,000) equity shares of Rs. 1,000 each	50,00,000	50,00,000
<b>Subscribed and fully paid-up</b> 5,000 (March 31, 2017: 5,000) equity shares of Rs. 1,000 each	50,00,000	50,00,000
	50,00,000	50,00,000

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	5,000	50,00,000	5,000	50,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,000	50,00,000	5,000	50,00,000

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Engineers Syndicate Limited	4,994	99.55	4,994	99.55

**10 Other equity**

Particulars	31 March 2018	31 March 2017
Retained earnings		
Opening balance	(1,48,81,532)	(1,49,22,544)
Profit/(loss) for the year	31,035	41,012
Less: Transfers to general reserve	-	-
Closing balance	(1,48,50,497)	(1,48,81,532)
<b>Total other equity</b>	<b>(1,48,50,497)</b>	<b>(1,48,81,532)</b>



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

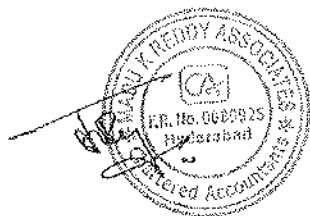
(All amounts in Indian Rupees, except share data and where otherwise stated)

**11 Other financial liabilities**

Particulars	31 March 2018	31 March 2017
<b>Current</b>		
RBD Legend Infrastructure Pvt.Ltd.	8,45,00,000	8,45,00,000
Legend Estates Pvt.Ltd.	16,24,500	16,24,500
Provision for Audit Fee	34,950	17,250
	<b>8,61,59,450</b>	<b>8,61,41,750</b>

**12 Other current liabilities**

Particulars	31 March 2018	31 March 2017
<b>Advance from Customers</b>		
Mohd.Basheer	25,18,000	25,18,000
	1,95,00,000	1,95,00,000
	<b>2,20,18,000</b>	<b>2,20,18,000</b>



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

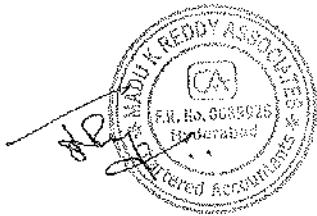
(All amounts in Indian Rupees, except share data and where otherwise stated)

**13 Other income**

Particulars	31 March 2018	31 March 2017
Interest income		
On fixed deposits	1,29,111	84,123
	1,29,111	84,123

**14 Other expenses**

Particulars	31 March 2018	31 March 2017
Rates & Taxes	65,849	6,500
Audit Fee	17,700	18,042
Bank Charges	649	230
	84,198	24,772



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

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

**1. General information**

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

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

**2.1 Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015.

**2.2 Accounting convention**

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

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

**2.3 Functional currency**

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

**2.4 Operating cycle**

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

**Assets:**

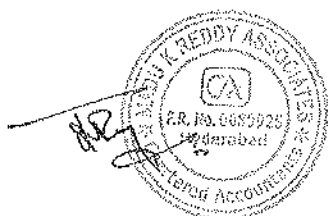
An asset is classified as current when it satisfies any of the following criteria:

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

**Liabilities:**

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

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or



A handwritten signature in black ink.

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

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

- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

**3. Significant accounting policies**

**3.1 Revenue recognition**

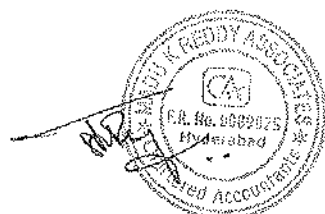
Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured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

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

**Dividend and interest income**

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

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



## **Prajay Retail Properties Private Limited**

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

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

#### **3.2 Cost of construction**

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

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

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

#### **3.3 Foreign currencies**

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

#### **3.4 Borrowing costs**

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

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

#### **3.5 Taxation**

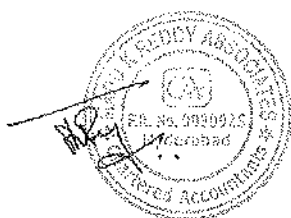
Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### **Current tax:**

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

##### **Deferred tax:**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly





## **Prajay Retail Properties Private Limited**

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

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

controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

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

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

### **3.6 Earnings per share**

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

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

#### *Recognition and measurement*

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

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

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

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

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the



## **Prajay Retail Properties Private Limited**

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

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

asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

#### ***Depreciation***

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

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

#### **3.8 Inventories**

Inventories are valued as under:

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

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

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

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

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



## **Prajay Retail Properties Private Limited**

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

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

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

### **3.10 Employee benefits**

#### *Short-term employee benefits*

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

#### *Defined contribution plans*

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

#### *Termination benefits*

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

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

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

### **3.11 Provisions**

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

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

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



## **Prajay Retail Properties Private Limited**

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

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

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

### **3.13 Financial instruments**

#### *Initial recognition*

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

#### *Subsequent measurement*

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

- Financial assets carried at amortized cost

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

- Financial assets at fair value through other comprehensive income

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

- Investment in subsidiaries and associates

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

- Financial liabilities

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

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

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



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

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

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

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

***Provision and contingent liability***

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

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

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

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



A handwritten signature in black ink.



**Prajay Retail Properties Private Limited.**

**Notes forming part of the Financial Statements**

**15. NOTES TO THE ACCOUNTS**

15.1 Contingent liabilities not provided for – NIL.

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

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

15.4 Segment Information:

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

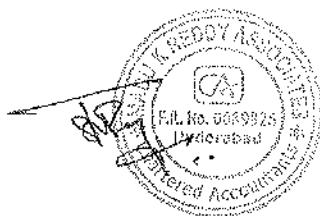
15.5 Auditor's remuneration provided for Rs.17, 700.

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

15.7 The company was executed the sale deed during the financial year 2012-2013 with the parties and collected the consideration. But due to various reasons the company was not handed over the possession effectively and not transferred the significant risks and rewards of ownership to the buyers as the sale deed executed property. For the above said reasons the company not accounted the above said transaction as sale and not recognized as revenue.

Further as per the revised Guidance Note on Accounting for Real Estate Transactions issued by the ICAI in Feb' 2012, a revenue shall be recognize if all the condition specified in paragraphs 10 and 11 of Accounting Standard (AS) 9, Revenue Recognition are satisfied which is primarily talks about following situations:

- a) The seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership;
- b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction;
- c) No significant uncertainty exists regarding the amount of consideration that will be derived from the real estate sales; and
- d) It is not unreasonable to expect ultimate collection of revenue from buyer.



# Prajay Retail Properties Private Limited.

## Notes forming part of the Financial Statements

### 15.8 Related Party disclosure:

#### A: List of Related Parties:

Prajay Engineers Syndicate Limited  
Vijmohan Constructions Pvt. limited

Holding company.  
other entity

#### B: Transactions with related parties:

	Holding company		Other entity	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
1. Loans Received				
Prajay Engineers Syndicate Ltd	-	-	-	-
2. Loans Repaid				
Prajay Engineers Syndicate Ltd	81,632	48,44,270	-	-
2. Advances taken				
Prajay Engineers Syndicate Ltd	-	-	-	-
3. Advances given				
Prajay Engineers Syndicate Ltd	65,00,000	-	-	-
Vijmohan Constructions Pvt Ltd	-	-	-	-
4. Balances as on 31.03.2018.				
Loans received	-	-	-	-
Advances given	8,37,36,471	7,73,18,103	28,91,000	28,91,000



Handwritten signatures of the authorized signatories.

**Prajay Retail Properties Private Limited.**

**Notes forming part of the Financial Statements**

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

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

**Vide our Report of even Date attached**

**For M/s Madu K.Reddy Associates.**

**For Prajay Retail Properties Private Limited.**

Chartered Accountants.

Regn.No.008992S

**CA Siva Kumar Reddy T**

Partner

M.No.212128

Date: 26.05.2018

Place: Hyderabad



**D. Vijay sen Reddy** **Sumit Sen**

Director

Director

DIN NO.00291185

DIN 01028417



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

## Independent Auditors' Report

To  
The Members of  
M/S. Prajay Land Capital Private Limited

### Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of M/S. PRAJAY LAND CAPITAL PRIVATE LIMITED (*"the Company"*) which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (*"the Act"*) with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### Auditor's Responsibility

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

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



#### VIJAYAWADA BRANCH:

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh  
Email: camkrvj@gmail.com

#### BENGALURU BRANCH

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036,  
Email: cabirmkr@gmail.com

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

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

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

#### **Basis for Qualified opinion:**

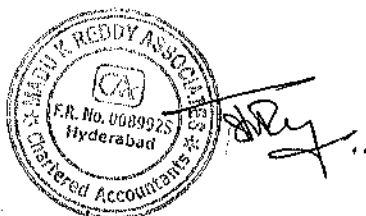
*Interest amounting to Rs.330.38 Lakhs on loans taken from Holding Company has not been provided in the books of accounts as per Indian Accounting Standard 109. This constitutes a departure from the Accounting Standards notified under the Companies Act, 2013. Accordingly, if the interest have been accounted has the Reserves and surplus would have been decreased by Rs.330.38 Lakhs.*

#### **Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion given in the above paragraph the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs(Financial Position) of the Company as at March 31, 2018, and its Loss(Financial Performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.*

#### **Report on Other Legal and Regulatory Requirements**

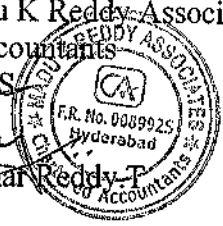
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report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





- a) We have sought and obtained all the information and explanations which to the best of our and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 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.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 15.05.2018

For M/s Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S  
  
CA. Siva Kumar Reddy, T.  
Partner  
M.No: 212128



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

**HEAD OFFICE:** # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

**"Annexure B" to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of M/S. PRAJAY LAND CAPITAL PRIVATE LIMITED**

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of M/S. PRAJAY LAND CAPITAL PRIVATE LIMITED ("the Company") as of that date.

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

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

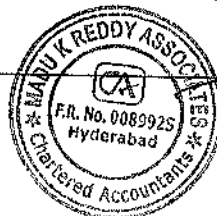
**Auditors' Responsibility**

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

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

**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh.  
Email: camkrvjd@gmail.com



**BENGALURU BRANCH:**

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036.  
Email: cablrmkr@gmail.com

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

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

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

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

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

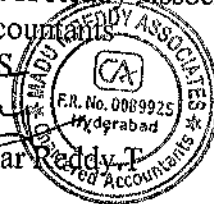
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 15.05.2018

For M/s Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

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





**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

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Email: camkr2002@gmail.com  
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**Annexure A" to the Independent Auditors' Report**

**Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind AS financial statements of the M/s Prajay Land Capital Private Limited for the year ended March 31, 2018;**

**i. In Respect of Fixed Assets**

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

**ii. In Respect of inventories**

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

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

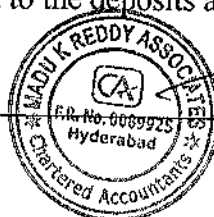
The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

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

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

**v. Deposits**

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



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D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
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**vi. Maintenance of Cost Records**

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

**vii. Deposit of Statutory Dues**

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

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

**b. Dispute for Tax and duty**

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

**viii. Repayment of Loans or Borrowings**

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

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

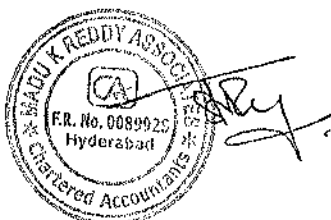
Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.

**x. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. However Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board.

**xI. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.





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

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

**XIII. Related Party transactions**

In our opinion, there is no transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013.

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

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

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

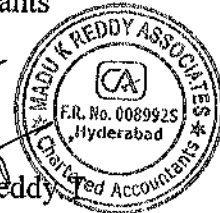
The Company has not entered into any Non-Cash Transactions with Directors or persons connected with him.

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

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

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

CA. Siva Kumar Reddy  
Partner  
M.No. 212128



Place: Hyderabad  
Date: 15.05.2018



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of M/S. PRAJAY LAND CAPITAL PRIVATE LIMITED (“the Company”) as of that date.

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

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

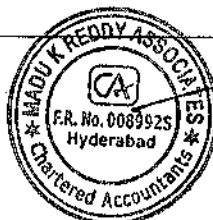
**Auditors’ Responsibility**

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

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

**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh  
Email: camkrvjd@gmail.com



**BENGALURU BRANCH**

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar  
KR Puram, Bengaluru - 560036.  
Email: cabirmkr@gmail.com

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

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

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

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

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

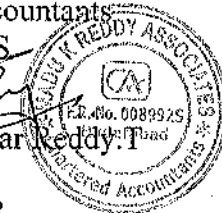
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 15.05.2018

For M/s Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

CA. Siva Kumar Reddy, I  
Partner  
M No: 212128



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

**1. General information**

Prajay Land Capital Private Limited (the Company) is a private company domiciled & incorporated under the provisions of the Companies Act, 1956 on Feb 17, 2007. The Company is engaged primarily in the business of real estate construction and development of projects.

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

**2.1 Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015.

**2.2 Accounting convention**

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

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

**2.3 Functional currency**

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

**2.4 Operating cycle**

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

**Assets:**

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

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



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**Prajay Land Capital Private Limited**

**Notes forming part of the financial statements**

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

*Liabilities:*

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

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

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

**3. Significant accounting policies**

**3.1 Revenue recognition**

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

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership;
  - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- (ii) Revenue from constructed properties (excluding service tax/GST) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately.

Service tax / GST does not form part of gross revenue.



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

*Dividend and interest income*

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

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

**3.2 Cost of construction**

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

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

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



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**Prajay Land Capital Private Limited**

**Notes forming part of the financial statements**

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

**3.3 Foreign currencies**

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

**3.4 Borrowing costs**

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

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

**3.5 Taxation**

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

**Current tax**

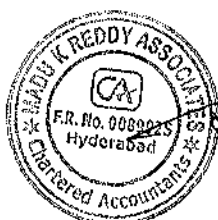
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each



## **Prajay Land Capital Private Limited**

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

(All amounts in Indian Rupees, except share data and where otherwise stated) reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

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

##### *Recognition and measurement*

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

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

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

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

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

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

##### *Depreciation*

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



## **Prajay Land Capital Private Limited**

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

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

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

### **3.8 Inventories**

Inventories are valued as under:

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

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

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

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

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

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



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### **3.10 Employee benefits**

#### *Short-term employee benefits*

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

#### *Defined contribution plans*

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

#### *Termination benefits*

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

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

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

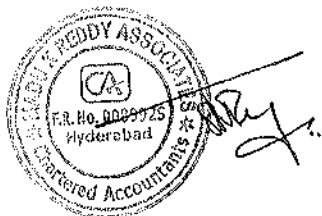
### **3.11 Provisions**

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

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

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

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



**Prajay Land Capital Private Limited**  
**Notes forming part of the financial statements**

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

**3.13 Financial instruments**

*Initial recognition*

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

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

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

- Financial assets at fair value through other comprehensive income

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

- Investment in subsidiaries and associates

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

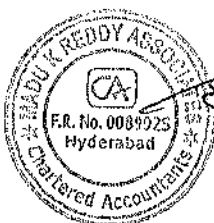
- Financial liabilities

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

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

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

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



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**Prajay Land Capital Private Limited**

**Notes forming part of the financial statements**

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

period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

***Provision and contingent liability***

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

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

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

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

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



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**Prajay Land Capital Private Limited**

**Balance Sheet as at 31st March, 2018**

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

Particulars	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Current assets</b>			
Inventories	5	62,04,74,261	62,04,74,261
Financial assets			
Cash and bank balances	6	1,16,402	1,62,368
<b>Total assets</b>		<b>62,05,90,663</b>	<b>62,06,36,629</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	7	5,00,000	5,00,000
Other equity	8	22,57,95,771	22,58,63,847
<b>Total equity</b>		<b>22,62,95,771</b>	<b>22,63,63,847</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	9	23,60,57,426	23,60,57,426
Deferred tax liabilities (net)	10	3,63,07,887	3,63,07,887
<b>Current liabilities</b>		<b>27,23,65,314</b>	<b>27,23,65,314</b>
Financial Liabilities			
Trade payables	11	7,500	7,500
Other financial liabilities	12	12,19,22,078	12,18,99,968
<b>Total liabilities</b>		<b>12,19,29,578</b>	<b>12,19,07,468</b>
<b>Total equity and liabilities</b>		<b>62,05,90,663</b>	<b>62,06,36,629</b>

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached  
for Madu K Reddy Associates

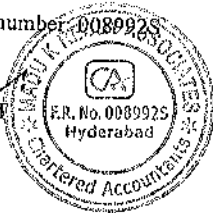
Chartered Accountants

ICAI Firm Registration number: 0089928

CA. Siva Kumar Reddy,

Partner

Membership No: 212128



for and on behalf of the Board of Directors of Prajay Land Capital  
Private Limited

*P. Haniketh Reddy*

P. Haniketh Reddy

Director

DIN: 08094912

*P. Purusha*

P. Purusha

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05. 2018

**Prajay Land Capital Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations		-	-
Other income		-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
Finance costs		-	-
Other expenses	13	-	2,89,89,509
<b>Total expense</b>	14	68,076	17,325
<b>Profit before tax</b>		68,076	2,90,06,834
Tax expenses			
Current tax		(68,076)	(2,90,06,834)
Deferred tax benefit		-	-
<b>Total tax expense</b>		-	(55,23,951)
<b>Profit for the year</b>		-	(55,23,951)
<b>Total comprehensive income for the year</b>		(68,076)	(2,34,82,883)
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		(1.36)	(469.66)

1 to 4

The accompanying notes are an integral part of the standalone financial statements.  
 As per our report of even date attached  
 for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 0089928

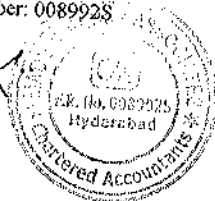
CA. Siva Kumar Reddy,

Partner

Membership No: 212128

Place: Hyderabad

Date: 15.05.2018



for and on behalf of Board of Directors of Prajay Land Capital Private Limited

*P. Haniketh Reddy*

P. Haniketh Reddy

Director

DIN: 08094912

*P. Purnima*

P. Purnima

Director

DIN: 08097168

**Prajay Land Capital Private Limited****Statement of Changes in Equity for the year ended March 31, 2018**

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

**a. Equity Share Capital****Equity shares of INR 10 each issued**

At April 1, 2017

At March 31, 2018

**No. of shares****Amount**

50,000

5,00,000

50,000

5,00,000

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

At April 1, 2017

At March 31, 2018

50,000

5,00,000

50,000

5,00,000

**b. Other equity**

Particulars	Reserves and Surplus		Total
	Capital Reserve	Retained Earnings	
At April 1, 2017			
Profit for the year	11,20,48,603	11,38,15,244	22,58,63,847
Other comprehensive income		(68,076)	(68,076)
Balance as of 31 March 2018	11,20,48,603	11,37,47,168	22,57,95,771

**Summary of significant accounting policies**

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

As per our report of even date attached

for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 008992S

CA. Siva Kumar Reddy. T

Partner

Membership No: 212128



for and on behalf of Board of Directors of Prajay Land Capital Private Limited

P. Haniketh Reddy

Director

DIN: 08094912

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**Prajay Land Capital Private Limited**
**Statement of Cash Flows for the period ended 31st March, 2018**

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
Profit before tax	(68,076)	(2,90,06,834)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	-	-
Finance income (including fair value change in financial instruments)	-	-
Finance costs (including fair value change in financial instruments)	-	2,89,89,509
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	-	-
(Increase)/ decrease in inventories	0	-
Increase/ (decrease) in trade payables and other financial liabilities	22,110	75
Increase/ (decrease) in provisions	-	-
Income tax paid	(45,966)	(17,250)
<b>Net cash flows from operating activities</b>	<b>(45,966)</b>	<b>(17,250)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	-	-
Interest received (finance income)	-	-
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds / (repayment) from long term borrowings, net	0	2,89,89,509
Proceeds / (repayment) from short term borrowings, net	-	-
Interest paid	-	(2,89,89,509)
<b>Net cash flows from/ (used in) financing activities</b>	<b>0</b>	<b>0</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(45,966)</b>	<b>(17,250)</b>
Cash and cash equivalents at the beginning of the year (refer note 13)	1,62,368	1,79,618
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>1,16,402</b>	<b>1,62,368</b>

Summary of significant accounting policies

I to 4

 The accompanying notes are an integral part of the standalone financial statements.  
 As per our report of even date attached

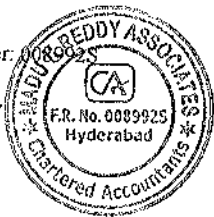
for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration number: 0089925

 CA. Siva Kumar Reddy, T.  
 Partner

Membership No: 212128



for and on behalf of Board of Directors of Prajay Land Capital Private Limited

 P. Haniketh Reddy  
 Director  
 DIN: 08094912

 P. Purnima  
 Director  
 DIN: 08097168

Place: Hyderabad

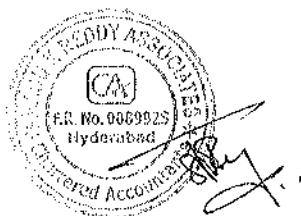
Date: 15.05.2018

## Notes forming part of the financial statements

## 5 Inventories

6 Cash and bank balances

	31 March 2018	31 March 2017
Balances with banks:		
- On current accounts	49,528	92,194
Cash on hand	66,874	70,174
<b>Cash and cash equivalents (A)</b>	<b>1,16,402</b>	<b>1,62,368</b>



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**Prajay Land Capital Private Limited****Notes forming part of the financial statements**

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

**7 Share Capital****Authorised Share Capital**

50,000 (March 31, 2017: 50,000) equity shares of Rs.10 each

**31 March 2018****31 March 2017**

5,00,000

5,00,000

**Issued equity capital**

50,000 (March 31, 2017: 50,000) equity shares of Rs.10 each

5,00,000

5,00,000

**Subscribed and fully paid-up**

50,000 (March 31, 2017: 50,000) equity shares of Rs.10 each

5,00,000

5,00,000

5,00,000

5,00,000

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Prajay Properties Private Limited	49,994	99.98	49,994	99.98

**8 Other equity****31 March 2018****31 March 2017****Capital reserves****Opening balance**

11,20,48,603

11,20,48,603

**Add: Additions during the year****Closing balance**

11,20,48,603

11,20,48,603

**Retained earnings****Opening balance**

11,38,15,244

13,72,98,127

**Profit/(loss) for the year**

(68,076)

(2,34,82,883)

**Less: Transfers to general reserve****Closing balance**

11,37,47,168

11,38,15,244

**Total other equity**

22,57,95,771

22,58,63,847



h/p

h/p

**Prajay Land Capital Private Limited****Notes forming part of the financial statements**

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

<b>9 Borrowings</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Non-current Borrowings		
Unsecured loans		
Deposit from Prajay Properties Private Limited	23,60,57,426	23,60,57,426
<b>Total non-current borrowings</b>	<b>23,60,57,426</b>	<b>23,60,57,426</b>
<b>10 Deferred tax liabilities</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Deferred tax for opening Ind AS adjustments	3,63,07,887	3,63,07,887
	<b>3,63,07,887</b>	<b>3,63,07,887</b>
<b>11 Trade payables</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Total outstanding dues of micro enterprises and small enterprises		
Others	7,500	7,500
	<b>7,500</b>	<b>7,500</b>
<b>12 Other financial liabilities</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Current		
Prajay Engineers Syndicate Limited	75,714	54,554
Prajay Properties Private Limited	12,18,28,664	12,18,28,164
Provision for Audit Fee	17,700	17,250
	<b>12,19,22,078</b>	<b>12,18,99,968</b>

*hk**[Signature]*

**Prajay Land Capital Private Limited**

**Notes forming part of the financial statements**

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

**13 Finance costs**

31 March 2018      31 March 2017

Unwinding of interest on liabilities discounted

-      2,89,89,509

-      2,89,89,509

**14 Other expenses**

31 March 2018      31 March 2017

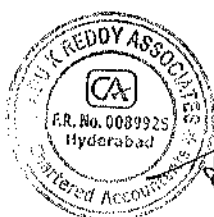
Auditors' remuneration

17,700      17,325

Other general expenses

50,376      -

68,076      17,325



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**Prajay Land Capital Private Limited****Notes forming part of the financial statements**

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

**15. Earnings per share**

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

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

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

Particulars	31 March 2018	31 March 2017
Profit/(Loss) after tax attributable to shareholders in INR Thousands	(60,076)	(2,34,82,883)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	50,000	50,000
Earnings per Share ( Basic & Diluted)	(1.36)	(469.66)

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

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

**17. Commitments and contingencies**

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

**18. Auditors' Remuneration**

Particulars	2017-18	2016-17
	(Rs.)	(Rs)
Audit Fee	17,700	17,325
For Other matters	--	--

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

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

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

21. No managerial remuneration is paid during the year.

**22 Prior year comparatives**

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

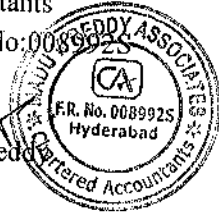
23 Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board. The matter is pending before the Hon'ble NCLT and the company has authorised its directors to represent the company before the Hon'ble court and make submissions, in the best interest of the stakeholders of the company.

As per our report of even date attached

For Madu K Reddy Associates  
Chartered Accountants

ICAI Firm Regn.No:008992S

CA.Siva Kumar Reddy  
Partner  
Membership No:212128



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

P.Haniketh Reddy  
Director  
DIN: 08094912

  
P.Rurnima  
Director  
DIN: 08097168

Place: Hyderabad  
Date: 15.05.2018



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

## Independent Auditors' Report

To  
The Members of  
M/s. Prajay Developers Private Limited

### Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **M/S. PRAJAY DEVELOPERS PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### Auditor's Responsibility

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

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



#### VIJAYAWADA BRANCH:

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh  
Email: camkrvjd@gmail.com

#### BENGALURU BRANCH:

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036.  
Email: cabirmkr@gmail.com



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

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

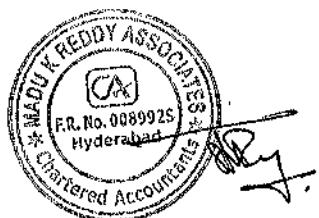
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

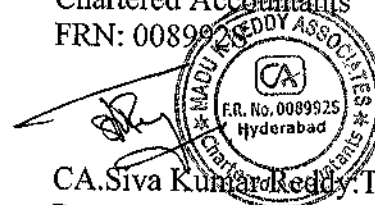
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133.
- e) 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.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 15.05.2018

For M/sMadu K Reddy Associates  
Chartered Accountants  
FRN: 0089925



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



**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of M/s Prajay Developers Private Limited (“the Company”) as of that date.

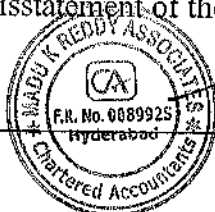
**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

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



**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh.  
Email: camkrvjd@gmail.com

**BENGALURU BRANCH:**

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036,  
Email: cablmkr@gmail.com

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

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

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

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

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

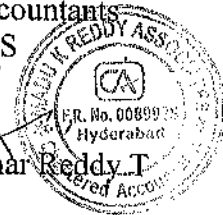
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 15.05.2018

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

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





**MADU K REDDY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**HEAD OFFICE: # 6-3-668/10/58,**  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

**Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind AS financial statements of the M/s Prajaya Developers Private Limited for the year ended March 31, 2018;**

**I. In Respect of Fixed Assets**

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

**II. In Respect of inventories**

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

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

The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

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

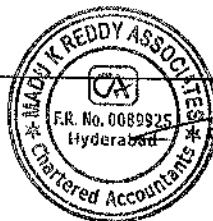
In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

**V. Deposits**

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

**VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
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**BENGALURU BRANCH:**

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KR Puram, Bengaluru - 560036.  
Email: cablmkr@gmail.com

**VI. Maintenance of Cost Records**

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

**VII. Deposit of Statutory Dues**

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

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

**b. Dispute for Tax and duty**

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

**VIII. Repayment of Loans or Borrowings**

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

**IX. Utilization of Money raised by Public Offer and Term Loan for which they Raised**

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

**x. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. 7) However Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board

**XI. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.





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

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

**xiii. Related Party transactions**

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

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

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

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

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

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

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

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



CA. Siva Kumar Reddy  
Partner  
M.No. 212128

Place: Hyderabad  
Date: 15.05.2018



**MADU K REDDY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**HEAD OFFICE:** # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

## **Independent Auditors' Report**

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

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

We have audited the accompanying standalone Ind AS financial statements of **M/S. PRAJAY DEVELOPERS PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

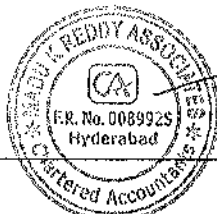
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Loss(financial performance including other comprehensive income), cash flows of the Company and the changes in equity of company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### **Auditor's Responsibility**

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

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



#### **VIJAYAWADA BRANCH:**

D.No.: 29-5-1, 2nd Floor, Syam Enclave,  
Near Eagle Bar, Prakasham Road,  
Vijayawada - 520002, Andhra Pradesh  
Email: camkrvjd@gmail.com

#### **BENGALURU BRANCH:**

#34,3rd Main, 2nd Block, 2nd Right,  
Devasandra Main Road, Ayyappa Nagar,  
KR Puram, Bengaluru - 560036.  
Email: cablrmkr@gmail.com

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

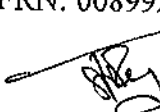
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

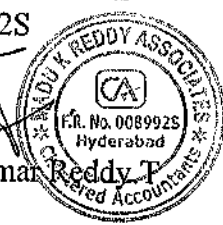


- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133.
- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 15.05.2018

For M/sMadu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

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





**MADU K REDDY ASSOCIATES**  
CHARTERED ACCOUNTANTS

HEAD OFFICE: # 6-3-668/10/58,  
Behind Hyderabad Central,  
Durganagar Colony, Punjagutta,  
Hyderabad- 500 082  
Ph. :040-66836686 / 40265630  
Email: camkr2002@gmail.com  
Website: www.madukreddy.com

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind AS financial statements of the M/s Prajay Developers Private Limited for the year ended March 31, 2018;

**I. In Respect of Fixed Assets**

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

**II. In Respect of inventories**

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

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

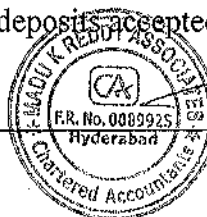
The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

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

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

**V. Deposits**

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



**VIJAYAWADA BRANCH:**

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Near Eagle Bar, Prakasham Road,  
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Email: camkrvjd@gmail.com

**BENGALURU BRANCH**

#34,3rd Main, 2nd Block, 2nd Right,  
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**VI. Maintenance of Cost Records**

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

**VII. Deposit of Statutory Dues**

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

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

**b. Dispute for Tax and duty**

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

**VIII. Repayment of Loans or Borrowings**

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

**IX. Utilization of Money raised by Public Offer and Term Loan for which they Raised**

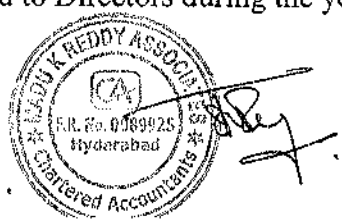
Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.

**X. Reporting of Fraud**

Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. 7) However Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board

**XI. Managerial Remuneration**

No Managerial Remuneration paid to Directors during the year.





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

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

**XIII. Related Party transactions**

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

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

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

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

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

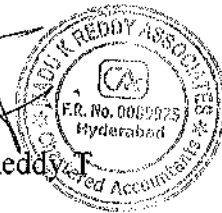
**XVI. Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

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

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

CA. Siva Kumar Reddy  
Partner  
M.No. 212128

Place: Hyderabad  
Date: 15.05.2018





**MADU K REDDY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**HEAD OFFICE:** # 6-3-668/10/58,  
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Website: www.madukreddy.com

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

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

In conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of M/s Prajay Developers Private Limited (“the Company”) as of that date.

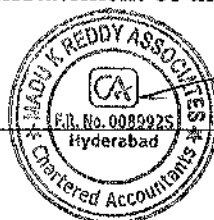
**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

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



**VIJAYAWADA BRANCH :**

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#34,3rd Main, 2nd Block, 2nd Right,  
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We believe that the audit evidence we have obtained sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

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

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

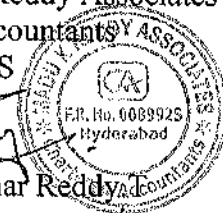
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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: Hyderabad  
Date: 15.05.2018

For Madu K Reddy Associates  
Chartered Accountants  
FRN: 008992S

CA. Siva Kumar Reddy  
Partner  
M No: 212128



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

**1. General information**

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

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

**2.1 Statement of Compliance**

The financial statements for the year ended 31 March 2018 of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015.

**2.2 Accounting convention**

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

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

**2.3 Functional currency**

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

**2.4 Operating cycle**

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

**Assets:**

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

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



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*[Signature]*

**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

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

**Liabilities:**

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

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

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

**3. Significant accounting policies**

**3.1 Revenue recognition**

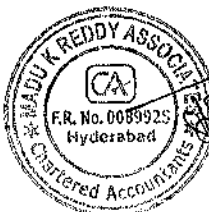
Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured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

- (i) Revenue from sale of land / plots is recognized in the financial year in which the agreement to sell is executed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- (ii) Revenue from constructed properties (excluding service tax/GST) is recognized on the "percentage of completion method". The total sale consideration as per the agreements to sell constructed properties entered is recognized as revenue only when the stage of completion is 20 percent or more when the outcome of the project can be estimated reliably. When it is probable that total costs will exceed the total project revenue the expected loss is recognized immediately.

Service tax/ GST does not form part of gross revenue.



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

*Dividend and interest income*

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

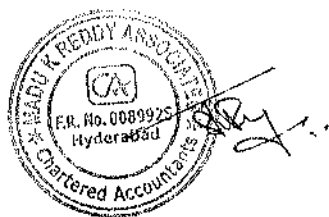
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable,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

**3.2 Cost of construction**

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

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

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



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### 3.3 Foreign currencies

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

### 3.4 Borrowing costs

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

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

### 3.5 Taxation

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

#### Current tax

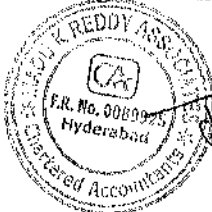
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### Deferred tax

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each



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**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees , except share data and where otherwise stated)  
reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.6 Earnings per share**

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

**3.7 Property, plant and equipment**

*Recognition and measurement*

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

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

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

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

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

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

*Depreciation*

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



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## **Prajay Developers Private Limited**

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

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

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

### **3.8 Inventories**

Inventories are valued as under:

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

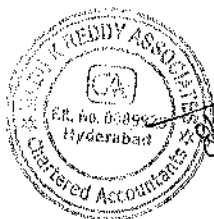
### **3.9 Impairment of non-financial assets**

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

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

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

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



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

**3.10 Employee benefits**

*Short-term employee benefits*

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

*Defined contribution plans*

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

*Termination benefits*

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

*Other long-term employee benefits*

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

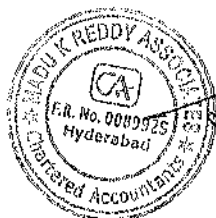
**3.11 Provisions**

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

**3.12 Contingent liabilities & contingent assets**

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

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



**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

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

**3.13 Financial instruments**

*Initial recognition*

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

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

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

- Financial assets at fair value through other comprehensive income

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

- Investment in subsidiaries and associates

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

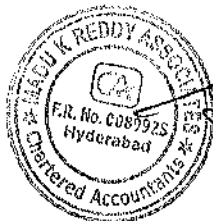
- Financial liabilities

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

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

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

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



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**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

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

period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

***Provision and contingent liability***

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

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

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

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

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



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**Prajay Developers Private Limited**  
**Balance Sheet as at 31st March, 2018**

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

Particulars	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Current assets</b>			
Inventories	5	22,15,36,426	22,15,36,426
Financial assets			
Cash and bank balances	6	95,869	1,01,469
<b>Total assets</b>		<b>22,16,32,295</b>	<b>22,16,37,895</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	7	21,82,31,900	21,82,31,900
Other equity	8	(13,14,310)	(12,22,504)
<b>Total equity</b>		<b>21,69,17,590</b>	<b>21,70,09,396</b>
<b>Current liabilities</b>			
Financial Liabilities			
Other financial liabilities	9	47,14,705	46,28,499
<b>Total liabilities</b>		<b>47,14,705</b>	<b>46,28,499</b>
<b>Total equity and liabilities</b>		<b>22,16,32,295</b>	<b>22,16,37,895</b>

Summary of significant accounting policies

1 to 4

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

As per our report of even date attached

for Madu K Reddy Associates

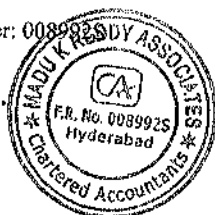
Chartered Accountants

ICAI Firm Registration number: 0089925

CA. Siva Kumar Reddy, T

Partner

Membership No: 212128



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

*P. Haniketh Reddy*

P. Haniketh Reddy

Director

DIN: 08094912

*P. Purima*

P. Purima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**Prajay Developers Private Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2018**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

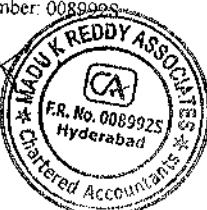
Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Other income		-	-
Total income		-	-
Expenses			
Other expenses			
Total expense		91,806	23,104
Profit before tax		91,806	23,104
Tax expenses		(91,806)	(23,104)
Current tax		-	-
Deferred tax charge		-	-
Total tax expense		-	-
Profit for the year		(91,806)	(23,104)
Current Tax		-	-
Profit / (Loss) for the year		(91,806)	(23,104)
Total comprehensive income for the year		(91,806)	(23,104)
Earnings per equity share (nominal value of INR 10) in INR			
Basic and Diluted		(0.004)	(0.001)
Summary of significant accounting policies	1 to 4		

The accompanying notes are an integral part of the standalone financial statements.  
 As per our report of even date attached  
 for Madu K Reddy Associates

Chartered Accountants

ICAI Firm Registration Number: 0089925

CA. Siva Kumar Reddy, T.  
 Partner  
 Membership No: 212128



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

P. Haniketh Reddy  
 Director  
 DIN: 08094912

P. Parvina  
 Director  
 DIN: 08097168

Place: Hyderabad  
 Date: 15.05.2018



**Prajay Developers Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

**a. Equity Share Capital**

	No. of shares	Amount
Equity shares of INR 10 each issued		
At April 1, 2017	2,20,00,000	22,00,00,000
At March 31, 2018	2,20,00,000	22,00,00,000
Equity shares of INR 10 each subscribed and fully paid-up		
At April 1, 2017	2,18,23,190	21,82,31,900
At March 31, 2018	2,18,23,190	21,82,31,900

**b. Other equity**

Particulars	Reserves and Surplus	Total
	Retained Earnings	
At March 31, 2017	(12,22,504)	(12,22,504)
Profit for the year	(91,806)	(91,806)
Balance as of 31 March 2018	(13,14,310)	(13,14,310)

Summary of significant accounting policies

1 to 4

The accompanying notes are an integral part of the standalone financial statements.  
 As per our report of even date attached

for Madu K Reddy Associates

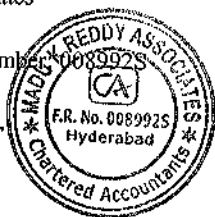
Chartered Accountants

ICAI Firm Registration number 008992S

CA. Siva Kumar Reddy, T

Partner

Membership No: 212128



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

P. Haniketh Reddy

Director

DIN: 08094912

P. Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018

**PRAJAY DEVELOPERS PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018**

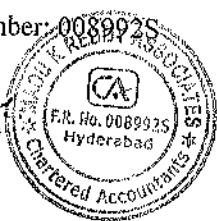
PARTICULARS	Year ended 31.03.18	Year ended 31.03.17
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax and extraordinary items	(91,806)	(23,104)
Operating Profit / (Loss) before working capital changes	(91,806)	(23,104)
Adjustments for		
Decrease / (Increase) in Inventories	(0)	-
Decrease / (Increase) in Other Current Assets	-	-
Increase / (Decrease) in other current Liabilities	86,206	23,000
Net Cash Flow from Operating Activities	(5,600)	(104)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-	-
Net cash used in Investing Activities	-	-
<b>C. Cash Flow from Financing Activities</b>		
Issue of Equity Share Capital	-	-
Proceeds from short term borrowings	-	-
Repayment of long term borrowings	-	-
Interest paid	-	-
Net Cash Flow from Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	(5,600)	(104)
Opening Balance of Cash & Cash Equivalents	1,01,469	1,01,573
Closing Balance of Cash & Cash Equivalents	95,869	1,01,469

As per our report of even date attached

for Madu K Reddy Associates  
Chartered Accountants

ICAI Firm Registration number: 0089925

CA. Siva Kumar Reddy, T  
Partner  
Membership No: 212128



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

P. Haniketh Reddy  
Director  
DIN: 08094912

P. Purnima  
Director  
DIN: 08097168

Place: Hyderabad  
Date: 15.05.2018

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

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

**5 Inventories****31 March 2018      31 March 2017**

Land at Cost	22,11,73,150	22,11,73,150
Land and construction work in progress - at cost	3,63,276	3,63,276
	<u>22,15,36,426</u>	<u>22,15,36,426</u>

**6 Cash and bank balances****31 March 2018      31 March 2017**

Balances with banks:		
- On current accounts	13,982	13,982
Cash on hand	81,887	87,487
Cash and cash equivalents	<u>95,869</u>	<u>1,01,469</u>



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

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

**7 Share Capital****Authorised Share Capital****31 March 2018****31 March 2017**

2,20,00,000 (March 31, 2017: 2,20,00,000) equity shares of Rs.10 each

22,00,00,00022,00,00,000**Issued equity capital**

2,18,23,190 (March 31, 2017: 2,18,23,190) equity shares of Rs.10 each

21,82,31,90021,82,31,900**Subscribed and fully paid-up**

2,18,23,190 (March 31, 2017: 2,18,23,190) equity shares of Rs.10 each

21,82,31,90021,82,31,90021,82,31,90021,82,31,900**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	31 March 2018		31 March 2017	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	2,18,23,190	-	2,18,23,190	21,82,31,900
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,18,23,190	-	2,18,23,190	21,82,31,900

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

Particulars	31 March 2018		31 March 2017	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
-Prajay Holdings Private Limited	2,18,23,190	100.00	2,18,23,190	100.00

**8 Other equity****31 March 2018****31 March 2017**

Retained earnings

Opening balance

Profit/(loss) for the year

(12,22,504)

(11,99,400)

Less: Transfers to general reserve

(91,806)

(23,104)

Closing balance

(13,14,310)(12,22,504)

Total other equity

(13,14,310)(12,22,504)

**Prajay Engineers Syndicate Limited**

**Notes forming part of the financial statements**

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

**9 Other financial liabilities**

**Current**

Prajay Engineers Syndicate Limited

Prajay Holdings Private Limited

Audit Fee Payable

**Total current Borrowings**

**31 March 2018**

**31 March 2017**

4,07,455

3,74,249

42,83,950

42,42,750

23,300

11,500

47,14,705

46,28,499



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

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

**10. Earnings per share**

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

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

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

Particulars	31 March 2018	31 March 2017
Profit/(Loss) after tax attributable to shareholders in INR Thousands	(91,806)	(23,104)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	2,18,23,190	2,18,23,190
Earnings per Share ( Basic & Diluted)	(0.004)	(0.001)

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

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

**12. Commitments and contingencies**

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

**13. Auditors' Remuneration**

Particulars	2017-18	2016-17
	(Rs.)	(Rs)
Audit Fee	11800	11500
For Other matters	--	--

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

**Prajay Developers Private Limited**

**Notes forming part of the financial statements**

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

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

16. No managerial remuneration is paid during the year.

**17. Prior year comparatives**

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

18. Mrs. D. Hymavathi Reddy, one of the shareholders of the company, has filed a company petition CP No.119/HDB/2018 before the National Company Law tribunal (NCLT), Hyderabad Bench against Parent company i.e. Prajay Engineers Syndicate Limited and made the company also one of the respondent. The petitioner made a complaint before the NCLT against the company, the board, its functioning, appointment / resignations of directors of the board. The matter is pending before the Hon'ble NCLT and the company has authorised its directors to represent the company before the Hon'ble court and make submissions, in the best interest of the stakeholders of the company.

As per our report of even date attached

For Madu K Reddy Associates

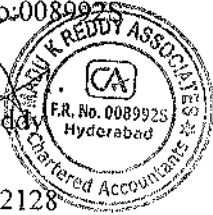
Chartered Accountants

ICAI Firm Regn.No:0089925

CA.Siva Kumar Reddy

Partner

Membership No:212128



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

P.Haniketh Reddy

Director

DIN: 08094912

P.Purnima

Director

DIN: 08097168

Place: Hyderabad

Date: 15.05.2018