

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 7th Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2014.

Financial Results

The Company's project is still in the implementation stage and revenues/inflows have not yet started. As a result of administrative expenses, advertisement and interest costs, the Company incurred a loss of Rs.262.54 lacs as compared to Rs. 66.85 lacs in the previous year.

Review of Operations

Your Company is a subsidiary of Parsvnath Developers Limited. Parsvnath Developers Limited has assigned its rights under a Concession Agreement dated September 27, 2010 executed with Delhi Metro Rail Corporation (DMRC) and a sanction letter dated October 15, 2010 issued by DMRC to Parsvnath Developers Limited, to the Company to develop the property allotted under the Concession Agreement and sub-licence it to the prospective customers. The Company is developing a commercial project on a land parcel of approx. 19,530 square meters located at Bhai Veer Singh Marg, Gole Market, New Delhi, a prime location in New Delhi. The Company is in the process of negotiations with various entities/tenants for leasing out space/ built-up area on rent in the commercial building "Red Fort Capital Parsvnath Towers" constructed by the Company. The construction of the building has been completed and the completion certificate has been obtained. Work relating to retrofitting of part of existing structure (office B) is in the process of being completed.

During the year, the Company issued Non-Convertible Debentures (NCDs) of Rs. 210 Crores to Proprium Finance Coöperatief U.A., Netherlands for part-financing of the project. These NCDs are listed on the Wholesale Debt Market (Scrip Code 949854) of Bombay Stock Exchange (BSE). Out of the funds raised through the issue of these NCDs, the Company has repaid the loan of Rs. 90 Crores availed earlier from State Bank of Patiala.

Dividend

Since the Company has not made any profits, no dividend has been recommended for the year under review.

Directors

During the year under review, Mr. Sanjeev Kumar Jain resigned as a Director of the Company with effect from October 29, 2013 and Mr. Ashim Gandhi was appointed as an Additional Director on the Board of the Company on the same date. Subsequently, in the Extra-ordinary General Meeting of the Company held on December 24, 2013, Mr. Ashim Gandhi was appointed as a Whole-time Director designated as 'Executive Director' for a term of 3 years from January 1, 2014 to December 31, 2016.

Mr. Kalyan Yanmendra Chakrabarti, who has been longest in office, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 ('the Act'), your Directors confirm that:

- a) in preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures;
- b) the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) the annual accounts have been prepared on a going concern basis.

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants (Registration No. 015125N), Statutory Auditors of the Company, shall retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. It is proposed to re-appoint them as Statutory Auditors of the Company for a period of five years to hold office until the conclusion of the Twelfth Annual General Meeting and confirmation from the Statutory Auditors that their re-appointment, if made, will be within the statutory limits prescribed under Section 141 read with Section 139 of the Companies Act, 2013, has been received.

Observations of Auditors

There is no qualification in the Auditors' Report on the Annual Accounts of the Company for the financial year ended March 31, 2014 requiring any explanation from the Board.

Particulars of Employees

No employee of the Company was in receipt of remuneration which requires disclosure under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The nature of activities of the Company does not require disclosure of information under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively.

The Company has neither incurred any expenditure nor earned any income in foreign currency during the year under review.

Public Deposits

The Company has not accepted any Public Deposits and as such, no amount on account of principal or interest was outstanding on the date of the Balance Sheet.

Acknowledgements

The Directors wish to place on record their appreciation of the support and co-operation extended by the DMRC, investors, bankers and other stakeholders.

By Order of the Board of Directors
For Parsvnath Estate Developers Pvt. Ltd.

Place : New Delhi
Date : 28.05.2014



Ashim Gandhi
Executive Director



M. C. Jain
Director



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **Parsvnath Estate Developers Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).



- (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)



JITENDRA AGARWAL

Partner

(Membership No. 87104)

NEW DELHI, 28 May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result during the year, clauses (ii), (viii), (xiii), (xiv), and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

Fixed assets comprises project under construction (capital work in progress). The Company has maintained proper records showing full particulars and situation of capital work in progress. Considering the nature of fixed assets clauses (ii) (a), (b) and (c) is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of unsecured loan taken and debentures issued to a Company, covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has taken unsecured loan aggregating Rs. 8,04,45,739 from its Holding Company. The outstanding balance at year-end and the maximum amount involved during the year was Rs. 8,04,45,739. The unsecured debentures outstanding at the end of the year amounted to Rs. 16,35,35,000 and the maximum amount involved during the year was Rs.16,35,35,000. The Company has not issued any debentures during the year

(b) The rate of interest and other terms and conditions of such loan and debentures are, in our opinion, *prima facie* not prejudicial to the interest of the Company.

(c) The payments of principal amounts and interest in respect of such loan and debentures are as per stipulations.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. The company's operations during the year do not give rise to any purchase of inventory and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a. The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.



- b. Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- a. The Company has generally been regular in depositing its dues in respect of Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year. We are informed that the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year, did not give rise to any liability for Sales Tax, Excise Duty, Customs Duty, Wealth Tax and Investor Education and Protection Fund.
- b. There are no undisputed amounts payable in respect of Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable.
- c. There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited as on 31 March, 2014 on account of any dispute.
- (ix) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and debenture holders. The Company has not taken any loan from financial institutions.
- (xi) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.



- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the Company has incurred capital expenditure during the year against which interest accrued and current liabilities are outstanding at year-end, which was resulted in use of short-term funds to the extent of Rs. 11,02,89,016 for long-term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, during the year covered by our audit report, the Company has issued 210 secured debentures of Rs. 1,00,00,000 each. The Company has created security in respect of debentures issued.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)



JITENDRA AGARWAL
Partner
(Membership No. 87104)

NEW DELHI, 28 May, 2014

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Balance Sheet as at 31 March, 2014

	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	5,00,00,000	5,00,00,000
(b) Reserves and surplus	4	(3,94,51,090)	(1,31,96,486)
(c) Money received against share warrants	5	4,60,15,000	4,60,15,000
		5,65,63,910	8,28,18,514
2. Non-current liabilities			
(a) Long-term borrowings	6	3,80,52,85,000	2,28,38,56,429
(b) Other long-term liabilities	7	42,56,525	-
		3,80,95,41,525	2,28,38,56,429
3. Current liabilities			
(a) Short-term borrowings	8	8,04,45,739	-
(b) Trade payables	9	22,95,645	32,75,158
(c) Other current liabilities	10	75,63,92,717	1,14,42,62,287
(d) Short-term provisions	11	1,18,083	34,305
		83,92,52,184	1,14,75,71,750
Total		4,70,53,57,619	3,51,42,46,693
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Capital work-in-progress	12	2,87,91,62,910	2,41,75,34,957
(b) Long-term loans and advances	13	1,09,72,31,541	1,08,48,08,937
		3,97,63,94,451	3,50,23,43,894
2. Current assets			
(a) Cash and cash equivalents	14	70,60,36,492	10,65,957
(b) Short-term loans and advances	15	1,86,82,616	2,65,904
(c) Other current assets	16	42,44,060	1,05,70,938
		72,89,63,168	1,19,02,799
Total		4,70,53,57,619	3,51,42,46,693

See accompanying notes forming part of the financial statements

1-29

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants


JITENDRA AGARWAL
Partner

Place: New Delhi
Date: 28 May 2014

For and on behalf of the Board of Directors


M.C. JAIN
Director


ASHIM GANDHI
Executive Director

Place: New Delhi
Date: 28 May 2014

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31 March, 2014

	Note No.	Year ended 31 March, 2014 ₹	Year ended 31 March 2013 ₹
1 Other income	17	54,503	12,377
Total revenue		54,503	12,377
2 Expenses			
(a) Employee benefits expense	18	45,39,132	16,49,946
(b) Finance costs	19	47,17,752	-
(c) Other expenses	20	1,70,52,223	50,47,343
Total expenses		2,63,09,107	66,97,289
3 Net loss for the year (1-2)		(2,62,54,604)	(66,84,912)
4 Earnings per equity share [nominal value of share ₹ 10 each]	21		
(a) Basic		(5.25)	(1.34)
(b) Diluted		(5.25)	(1.34)

See accompanying notes forming part of the financial statements

1-29

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants


JITENDRA AGARWAL
Partner

For and on behalf of the Board of Directors


M.C. JAIN
Director


ASHIM GANDHI
Executive Director

Place: New Delhi
Date: 28 May 2014

Place: New Delhi
Date: 28 May 2014

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Cash Flow Statement for the year ended 31 March, 2014

	Year ended 31 March, 2014 ₹	Year ended 31 March, 2013 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	(2,62,54,604)	(66,84,912)
Adjustments for:		
Provision for employee benefits	83,778	32,131
Operating (loss) before working capital changes	(2,61,70,826)	(66,52,781)
Adjustment for (increase) / decrease in operating assets:		
Short-term loans and advances	(1,84,16,712)	89,729
Adjustment for increase / (decrease) in operating liabilities:		
Long-term liabilities	42,56,525	-
Trade payables	(9,79,513)	30,70,966
Other current liabilities	(2,09,29,377)	1,23,99,141
Cash generated from/(used in) operations	(6,22,39,903)	89,07,055
Net income tax paid	(1,68,685)	(5,60,326)
Net cash flow from/(used in) operating activities	(6,24,08,587)	83,46,729
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to capital work-in-progress	(51,30,66,617)	(59,23,63,670)
Increase in long-term loans and advances	-	(6,00,00,000)
Net cash flow from/(used in) investing activities	(51,30,66,617)	(65,23,63,670)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of debentures	2,10,00,00,000	-
Proceeds from long-term borrowings	-	57,00,00,000
Proceeds from short-term borrowings (net)	8,04,45,739	-
Repayment of long-term borrowings	(90,00,00,000)	-
Net cash from/(used in) financing activities	1,28,04,45,739	57,00,00,000
D. Net increase/ (decrease) in cash and cash equivalents	70,49,70,535	(7,40,16,941)
E. Cash and cash equivalents as at the beginning of the year	10,65,957	7,50,82,898
F. Cash and cash equivalents as at the end of the year (see note 14)	70,60,36,492	10,65,957

Note:

Interest paid on borrowing (net of interest income) has been capitalised, accordingly included in cash outflow on capital work-in-progress

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants


JITENDRA AGARWAL
Partner

Place: New Delhi
Date: 28 May 2014

For and on behalf of the Board of Directors


M.C. JAEN
Director


ASHIM GANDHI
Executive Director

Place: New Delhi
Date: 28 May 2014

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

Note 1: Corporate information

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED ("the Company") was incorporated on 24th July, 2007 under the name Farhat Developers Private Limited and became a subsidiary of Parsvnath Developers Limited with effect from 27th August, 2010. The name of the Company was changed to 'Parsvnath Estate Developers Private Limited' with effect from 22 November 2010 and fresh certificate of incorporation was issued by the Registrar of Companies, Delhi and Haryana. The Company is primarily engaged in the business of promotion, construction, development of commercial buildings.

Note 2: Significant accounting policies

a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d. Cash flow statement

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

e. Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

f. Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

g. Pre-operative expenditure pending allocation

Pre-operative expenditure incurred in relation to construction of fixed assets in respect of projects which are yet to be commence commercial operations pending allocation includes:



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

- i. Incidental expenditure during construction period comprising payment to and provision for employees, professional fees and other administrative expenses pending allocation to fixed assets on completion of the project.
- ii. Interest and financing cost net of interest income pending allocation to fixed assets on completion of the project.

h. Foreign currency transactions and translations

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of profit and loss.

i. Employee benefits

Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Gratuity Act, 1972 is not applicable to the Company.

j. Borrowing costs

Borrowing costs include interest; amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

k. Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

l. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

m. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

n. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

o. Provisions and contingencies

Provision is recognised when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

p. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

q. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

Note 3: Share capital

	As at 31 March, 2014		As at 31 March, 2013	
	Number	₹	Number	₹
i. Authorised				
Equity shares of ₹ 10 each				
Class A	37,75,000	3,77,50,000	37,75,000	3,77,50,000
Class B	12,25,000	1,22,50,000	12,25,000	1,22,50,000
	50,00,000	5,00,00,000	50,00,000	5,00,00,000
ii. Issued, Subscribed and Paid up				
Equity Shares of ₹ 10 each fully paid				
Class A	37,75,000	3,77,50,000	37,75,000	3,77,50,000
Class B	12,25,000	1,22,50,000	12,25,000	1,22,50,000
	50,00,000	5,00,00,000	50,00,000	5,00,00,000

(a) Reconciliation of number of equity shares and amount outstanding as at the beginning and at the end of the year

Class A

i. Shares outstanding at the beginning of the year	37,75,000	3,77,50,000	37,75,000	3,77,50,000
ii. Issued during the year	-	-	-	-
iii. Shares outstanding at the end of the year	37,75,000	3,77,50,000	37,75,000	3,77,50,000

Class B

i. Shares outstanding at the beginning of the year	12,25,000	1,22,50,000	12,25,000	1,22,50,000
ii. Issued during the year	-	-	-	-
iii. Shares outstanding at the end of the year	12,25,000	1,22,50,000	12,25,000	1,22,50,000

(b) Rights, preferences, restrictions attached to equity shares

- i. The Company has two class of equity shares having a par value of ₹ 10 per share. Each Class A share holder is entitled to one vote per share and Class B shareholder is entitled to three vote per share.
- ii. Class B Shares are entitled to dividend in preference to Class A until the holders have received in aggregate the return as provided in the Shareholders Agreement.

(c) Equity shares held by holding Company

	As at 31 March, 2014	As at 31 March, 2013
Class A	Number	Number
Parsvnath Developers Limited	37,75,000	37,75,000

(d) Details of equity shares held by each shareholder holding more than 5% shares

	As at 31 March, 2014		As at 31 March, 2013	
	Number	% holding	Number	% holding
i. Class A				
Parsvnath Developers Limited	37,75,000	100%	37,75,000	100%
ii. Class B				
City Centre Monuments	12,15,000	99.18%	12,15,000	99.18%

Q

me

Jh

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

As at 31 March, 2014	As at 31 March, 2013
₹	₹

Note 4: Reserves and surplus

Deficit in Statement of Profit and Loss

Opening balance	(1,31,96,486)	(65,11,574)
Add: loss for the year	(2,62,54,604)	(66,84,912)
Closing balance	(3,94,51,090)	(1,31,96,486)

Note 5: Money received against share warrants

Money received against share warrants	4,60,15,000	4,60,15,000
	4,60,15,000	4,60,15,000

The Company allotted 46,01,500 share warrants during the financial year 2011-12 having face value of ₹ 10 each to its Holding Company (Parsvnath Developers Limited). These warrants shall convert into such securities as may be mutually agreed between the promoter and the investor in terms of Investment and Security Holders' Agreement.

Note 6: Long-term borrowings

i. SECURED LOANS

a) Term loan from banks	57,85,71,429
-------------------------	--------------

Term loan was secured by a) Second pari passu charge on receivables of the project, b) Corporate guarantee of holding Company - 'Parsvnath Developers Limited' (PDL) c) Share pledge by PDL to the extent of its holdings in the Company and collateral security as equitable mortgage of i) land admeasuring 13,610 sq. mtrs. at Bhiwadi, Rajasthan ii) 30 commercial shops admeasuring super area of 32,346 sq. ft. at Parsvnath City Mall, Faridabad, Haryana and iii) Commercial space admeasuring 42,611 sq. ft. at Parsvnath Mall Manhattan, Faridabad, all in the name of holding Company. The loan carried interest rate of 4.25 % above Bank's base rate and was repayable in fourteen equal quarterly installment commencing from 30 June, 2014 and to end on 30 June, 2017. The term loan has been fully repaid during the year.

b) 210 (previous year Nil) 21.00 % Non Convertible Debentures (NCD) of ₹ 1,00,00,000 each	2,10,00,00,000
---	----------------

21.00 % NCD is secured by a) first ranking and exclusive charge and hypothecation of b) on monies and investments made by the company and also on all receivables (subject to payment obligation owned by the Company to Delhi Metro Rail Corporation (DMRC) under the Concession Agreement entered by Company With DMRC; c) on Bank accruals and floating charge on all other Company assets. d) Exclusive pledge on 55000 Equity Share, all share warrants and optionally convertible debentures in the company held by Parsvnath Developers Limited (Promoter) e) exclusive pledge of City centre securities held by Cubic developments in City Centre Monuments constituting 100 % of the total share Capital of City centre Monuments & the Emtion Securities held by City Centre Monuments constituting 100 % of the total share capital of Emtions f) Corporate guarantee by Promoter f) Personal Guarantee by Mr. Pradeep Kumar Jain, Chairman of Promoter Company

Interest is compounded quarterly and payable on 31 March every year subject to availability of surplus operating cash flow or on before redemption anytime on out of operating surplus cash flows or on redemption date .

Debentures are redeemable after the expiry of a period of 12 months but before the expiry of 42 months from the date of allotment

For Current maturities of long-term borrowings, refer item (i) of Note 10 - 'Other Current liabilities'.

ii. UNSECURED LOANS

Debentures

(a) 1,11,77,500 (previous year 1,11,77,500) 15.50 % Fully Convertible (FCD) of ₹ 100 each	1,11,77,50,000	1,11,77,50,000
(b) 25,00,000 (previous year 25,00,000) 17.25% Fully Convertible Debentures - Series B of ₹ 100 each	25,00,00,000	25,00,00,000
(c) 17,40,000 (previous year 17,40,000) 17.75 % Fully Convertible Debentures - Series C of ₹ 100 each	17,40,00,000	17,40,00,000
(d) 1,63,53,500 (previous year 1,63,53,500) 15.5% Optionally Convertible Debentures (OCD) of ₹ 10 each	16,35,35,000	16,35,35,000

Each FCD, Series B FCD and Series C FCD shall be converted into 10 class B shares at a time and manner as mutually decided in accordance with the Amended and Restated Investment and Security Holders Agreement dated 14 September, 2010.

Each OCD can be converted in nominal number of a different class of shares / securities at a time and manner as mutually decided in accordance with the Amended and Restated Investment and Security Holders Agreement dated 14 September, 2010.

3,80,52,85,000	2,28,38,56,429
-----------------------	-----------------------

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Note 7: Other-long term liabilities		
Trade/security deposits received	42,56,525	-
	42,56,525	-
Note 8: Short-term borrowings		
Unsecured		
Loans repayable on demand		
From Holding Company	8,04,45,739	-
	8,04,45,739	-
Loan from Holding Company carries interest @ 22.50%		
Note 9: Trade payables		
Trade payables - other than acceptances	22,95,645	32,75,158
	22,95,645	32,75,158
As per the information available with the Company, trade payables do not include any amount due to Micro and Small Enterprises as defined under "Micro, Small and Medium Enterprises Developments Act, 2006 (MSMED Act, 2006) and no interest has been paid or payable in terms of MSMED Act, 2006. This has been relied upon by the auditors.		
Note 10: Other current liabilities		
i. Current maturities of long-term loans	-	32,14,28,571
ii. Security deposits received	1,15,32,545	1,29,71,679
iii. Interest accrued and due on term loan from banks	-	1,10,84,059
iv. Interest accrued but not due on debentures	60,09,20,845	51,83,00,863
v. Service charges payable to holding company not due	10,01,59,883	4,79,40,985
vi. Payables on purchase of fixed assets	2,33,18,963	19,11,46,272
vii. Statutory liabilities	2,04,60,481	4,13,89,858
	75,63,92,717	1,14,42,62,287
For details of security for current maturities of long term borrowings refer item 'i' of note 6 - 'Long-term borrowings'.		
Note 11: Short-term provisions		
Provisions for employees benefits		
i. Provision for gratuity	45,514	34,305
ii. Provision for compensated absences	72,569	-
	1,18,083	34,305
Note 12: Capital work-in-progress		
i. Civil work	1,02,58,26,948	97,07,49,278
ii. Plant and machinery under erection	36,59,50,419	34,91,58,607
iii. Incidental expenses pending allocation		
a. Finance costs	1,32,37,48,418	1,01,71,41,850
b. Legal and professional charges	2,21,90,703	72,62,835
c. Lease charges	16,84,22,396	9,20,58,429
d. Other expenses	28,49,293	3,33,603
	2,90,89,88,177	2,43,67,04,602
iv. Less: Interest income on temporary deployment of funds	2,98,25,267	1,91,69,645
	2,87,91,62,910	2,41,75,34,957
Note 13: Long-term loans and advances		
(Unsecured, considered good)		
i. Capital advances	1,90,14,171	-
ii. Advances to suppliers	1,71,39,748	-
iii. Upfront fees (Unamortised)	63,31,86,301	65,70,86,301
iv. Security deposit to Holding Company	36,00,00,000	36,00,00,000
v. Margin money with Holding Company	6,60,00,000	6,60,00,000
vi. Advance income tax	18,91,321	17,22,636
	1,09,72,31,541	1,08,48,08,937

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Note 14: Cash and cash equivalents		
i. Cash on hand	3,30,012	58,116
ii. Drafts on hand	1,80,73,490	-
iii. Balance with banks:		
a. In current accounts	8,01,32,990	10,07,841
b. In deposit accounts	60,75,00,000	-
(Original maturity of less than 3 months)	70,60,36,492	10,65,957

Note 15: Short-term loans and advances
(Unsecured, considered good)

i. Prepaid expense	4,02,883	2,65,904
ii. Balance with government authorities		
a. CENVAT credit receivables	1,75,79,733	-
iii. Earnest money deposit	7,00,000	-
	1,86,82,616	2,65,904

Note 16: Other current assets
(Unsecured, considered good)

i. Interest accrued on deposits	42,44,060	-
ii. Interest accrued on margin money	-	1,05,70,938
	42,44,060	1,05,70,938

9

12

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

	<u>Year ended</u> <u>31 March, 2014</u> ₹	<u>Year ended</u> <u>31 March, 2013</u> ₹
<u>Note 17: Other income</u>		
i. Interest on income tax refund	<u>54,503</u>	<u>12,377</u>
<u>Note 18: Employee benefits expense</u>		
i. Salary and allowances	<u>45,39,132</u>	<u>16,49,946</u>
<u>Note 19: Finance cost</u>		
i. Interest expense on delayed payment of statutory dues	<u>47,17,752</u>	<u>-</u>
<u>Note 20: Other expenses</u>		
i. Payment to auditors (see note 'i' below)	6,00,000	2,24,720
ii. Printing and stationery	11,37,288	2,72,840
iii. Rates and taxes	1,75,967	6,020
iv. Legal and professional charges	37,38,601	36,02,921
v. Insurance	1,35,598	49,868
vi. Bank charges	1,22,893	30,811
vii. Advertisement	1,10,63,595	7,84,304
viii. Miscellaneous expenses	78,281	75,859
	<u>1,70,52,223</u>	<u>50,47,343</u>
<u>Note 'i'</u>		
<u>Payment to auditors (net of input tax credit where applicable)</u>		
i. Statutory audit fees	6,00,000	2,00,000
ii. Service tax on above	-	24,720
	<u>6,00,000</u>	<u>2,24,720</u>
<u>Note 21: Earnings per share</u>		
i. Net loss for calculation of basic and diluted earnings per share	(2,62,54,604)	(66,84,912)
ii. Weighted average number of equity shares outstanding during the year	50,00,000	50,00,000
iii. Basic and diluted earnings per share*	(5.25)	(1.34)
iv. Nominal value of equity shares	10	10

* Since the effect of potential equity shares is anti-dilutive during the year, these have not been considered for calculation of diluted earnings per share.



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

Note 22: Contingent liabilities and commitments

	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
i. Claims against the company not acknowledged as debts		
- Amount claimed by licensor on account of service tax on upfront fee (including interest)*	-	9,33,59,973
- Interest/ other claim of contractor for construction work**	-	16,40,71,171

* The Claim of Licensor on account of service tax on upfront fee (including interest) has been settled during the period subsequent to 31 March, 2014 and the amount has been included in (ii) capital commitments below.

** The Interest/ other claim of contractor for construction work has been settled as per the MOU entered by the Company during the period subsequent to 31 March, 2014 and the amount has been included in (ii) capital commitments below.

ii. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances and not provided for)	40,13,59,355	23,13,35,632
--	--------------	--------------

Note 23

The Company entered into 'Amended and Restated Investment and Security Holder's Agreement' (in supersession of the Investment and Security Holder's Agreement dated March 25, 2010) dated September 14, 2010 with its Holding Company - Parsvnath Developers Limited (PDL) and two Overseas Investment Entities viz., City Centre Monuments and Emtons Holdings Limited (collectively referred to as 'Investors') for the development of office complex on the plot of land measuring 15,583.83 square metres situated at Bhai Veer Singh Marg, New Delhi on the terms and conditions contained in the aforesaid agreement. The rights in the said plot have been assigned on 'Build Operate Transfer' (BOT) basis to the Company by PDL with the approval of Delhi Metro Rail Corporation Limited (DMRC).

Pursuant to the aforesaid agreement, the Company had allotted 1,225,000 Class B Equity Shares of ₹ 10 each and 11,177,500 Fully Convertible Debentures (carrying interest @15.50% per annum) of ₹ 100 each to the Investors during the Financial Year 2010-11. The Company had also allotted 3,765,000 Class A Equity Shares of ₹ 10 each and 1,74,75,000 Optionally Convertible Debentures (carrying interest @15.50% per annum) of ₹ 10 each to PDL.

Pursuant to the Fourth and the Fifth Supplementary Agreements (in relation to and with reference to the 'Amended and Restated Investment and Security Holder's Agreement' dated September 14, 2010) entered on 10 October, 2011 and 14 December, 2011 respectively, by the Company with PDL and Investors, the Company had allotted 25,00,000 Fully Convertible Debentures - Series B (carrying interest @17.25% per annum) of ₹ 100 each and 17,40,000 Fully Convertible Debentures - Series C (carrying interest @17.75% per annum) of ₹ 100 each to the investors namely Emtons Holdings Limited. The Company also allotted 34,88,000 Optionally Convertible Debentures of ₹ 10 each to PDL. Further, pursuant to the Fourth Supplementary Agreement, 46,09,500 Optionally Convertible Debentures of ₹ 10 each, held by PDL, were redeemed in financial year 2011-12.



PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

Note 24: Related party disclosures

i. List of related parties

(a) Holding Company

- Parsvnath Developers Limited

(b) Companies having significant influence

- City Centre Monuments
- Emtons Holdings Limited

ii. Balances outstanding/transactions with related parties

	Holding Company	Companies having significant influence
	₹	₹
(a) Transactions during the year		
Interest on debentures (capitalised)	2,53,47,925 (2,53,47,925)	- (24,74,75,182)
Interest income (reduced from capital work in progress)	59,40,000 (62,23,890)	- (-)
Security deposits given	- (6,00,00,000)	- (-)
Service charges (capitalised)	5,80,20,999 (4,79,69,005)	- (-)
Short-term borrowings received	11,33,47,887 (-)	- (-)
Short-term borrowings repaid	4,39,53,135 (-)	- (-)
Interest on borrowings (capitalised)	1,22,78,874 (-)	- (-)
(b) Balances at year-end		
Security deposits (asset)	36,00,00,000 (36,00,00,000)	- (-)
Interest accrued but not due on debentures	8,15,02,390 (5,86,89,258)	45,96,11,605 (45,96,11,605)
Margin money (asset)	6,60,00,000 (6,60,00,000)	- (-)
Other current liabilities	10,01,59,883 (4,79,40,985)	- (-)
Interest accrued on margin money deposit	- (1,05,70,938)	- (-)
Fully/optionally Convertible Debentures	16,35,35,000 (16,35,35,000)	1,54,17,50,000 (1,54,17,50,000)
Short-term borrowings	8,04,45,739 (-)	- (-)
Financial guarantees issued by	2,10,00,00,000 (90,00,00,000)	- (-)

Note: Figures in brackets represent figures as at and for the year ended 31 March, 2013.

PARSVNATH ESTATE DEVELOPERS PRIVATE LIMITED
Notes forming part of the financial statements

Note 25:

The holder of fully convertible debentures and fully convertible debentures 'Series B' and Series 'C' and the Company by way of board's resolution have decided that interest on these debentures will accrue on the date on which the Company achieve the target sale and if sales target is not achieved by the specified date or such other date as unanimously approved, no interest shall be paid to the debentureholders. Accordingly, the Company has not accrued any interest liability on these debentures for the year. There is no impact on the loss for the year due to such non-accrual.

Note 26: Segment reporting

As the Company operates in single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard AS-17 on 'Segment Reporting' have not been provided in the financial statements.

Note 27: Lease commitments

The Holding Company has assigned its rights under the Concession Agreement with Delhi Metro Rail Corporation (DMRC) to the Company to develop the property covered in the Agreement and sub license it to the customers for a defined period of time. The total of future license payments/charge payable is as follows:

	Year ended 31 March, 2014	Year ended 31 March, 2013
	₹	₹
i. Not Later than one year	5,60,00,000	5,60,00,000
ii. Later than one year but not later than five years	28,22,40,000	25,20,00,000
iii. Later than five years	3,33,29,23,195	3,44,71,63,195
Total	<u>3,67,11,63,195</u>	<u>3,75,51,63,195</u>

Note 28: Deferred tax assets

The Company has carried out its tax computation in accordance with mandatory accounting standard AS 22 - 'Taxes on Income'. There has been a net deferred tax asset on account of accumulated losses. However as a principle of prudence, and as there is no virtual certainty as on the date of the balance sheet, that there will be sufficient taxable income available to realize such assets in near future, the Company has not provided for deferred tax assets.

Note 29: Previous year's figures

Previous year's amounts have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors


M.C. JAIN
Director


ASHIM GANDHI
Executive Director



Place: New Delhi
Date: 28 May 2014