

**Parsvnath Rail Land Project Private Limited**  
**Balance Sheet as at 31 March, 2019**

|   | Notes | As at<br>31-March-19<br>Rs. In lakhs | As at<br>31-March-18<br>Rs. In lakhs |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Assets</b>   |       |                                      |                                      |
| <b>1. Non-current assets</b>  |       |                                      |                                      |
| a. Financial assets   |       |                                      |                                      |
| i. Other financial assets   | 3     | 1,34,434.91                          | 1,34,794.96                          |
| b. Tax assets   | 5     | 50.43                                | 91.72                                |
| Total non-current assets  |       | <u>1,34,485.34</u>                   | <u>1,34,886.68</u>                   |
| <b>2. Current assets</b>  |       |                                      |                                      |
| a. Financial assets   |       |                                      |                                      |
| i. Cash and cash equivalents  | 4     | 104.24                               | 0.73                                 |
| ii. Other financial assets  | 3     | 1.16                                 | 6.69                                 |
| b. Other current assets   | 6     | 33.12                                | 20.83                                |
| Total current assets  |       | <u>138.52</u>                        | <u>28.25</u>                         |
| <b>Total assets</b>   |       | <u><b>1,34,623.86</b></u>            | <u><b>1,34,914.93</b></u>            |
| <b>Equity and Liabilities</b>   |       |                                      |                                      |
| <b>1. Equity</b>  |       |                                      |                                      |
| a. Equity share capital   | 7     | 14.10                                | 14.10                                |
| b. Convertible preference share capital   | 8     | 28.30                                | 28.30                                |
| c. Other equity   | 9     | 472.15                               | 1,800.48                             |
| Total Equity  |       | <u>514.55</u>                        | <u>1,842.88</u>                      |
| <b>2. Liabilities</b>   |       |                                      |                                      |
| <b>Non-current liabilities</b>  |       |                                      |                                      |
| a. Financial liabilities  |       |                                      |                                      |
| i. Borrowings   | 10    | 86,209.19                            | 86,209.19                            |
| Total non-current liabilities   |       | <u>86,209.19</u>                     | <u>86,209.19</u>                     |
| <b>Current liabilities</b>  |       |                                      |                                      |
| a. Financial liabilities  |       |                                      |                                      |
| i. Borrowings   | 10    | 7,500.00                             | 7,500.00                             |
| ii. Trade Payables  | 11    |                                      |                                      |
| a. Total outstanding dues of micro enterprises and small enterprises                      |       | -                                    | -                                    |
| b. Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 232.65                               | 91.31                                |
| iii. Other financial liabilities  | 12    | 39,245.45                            | 38,549.23                            |
| b. Other current liabilities  | 13    | 919.21                               | 719.65                               |
| c. Provisions   | 14    | 2.81                                 | 2.67                                 |
| Total current liabilities   |       | <u>47,900.12</u>                     | <u>46,862.86</u>                     |
| <b>Total liabilities</b>  |       | <u><b>1,34,109.31</b></u>            | <u><b>1,33,072.05</b></u>            |
| <b>Total equity and liabilities</b>   |       | <u><b>1,34,623.86</b></u>            | <u><b>1,34,914.93</b></u>            |

See accompanying notes to the financial statements

1-32

In terms of our report attached

**For S. N. Dhawan & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 000050N/N500045

  
**Vinesh Jain**  
Partner  
Membership No. 087701



**For and on behalf of the Board of Directors**

  
**Rahul Kumar Srivastav**  
Director  
DIN: 08250331

  
**Atul Jain**  
Director  
DIN -00102555

Place: Delhi  
Date: 29 May, 2019

**Parsvnath Rail Land Project Private Limited**  
**Statement of Profit and Loss account for the year ended 31 March, 2019**

|  | Notes       | Year ended<br>31 March, 2019<br>Rs. In lakhs | Year ended<br>31 March, 2018<br>Rs. In lakhs |
|--|-------------|--|--|
| I Other income   | 15          | 267.24                                       | 247.60                                       |
| II <b>Total income</b>                                       |             | <b>267.24</b>                                | <b>247.60</b>                                |
| III <b>Expenses</b>  |             |  |  |
| a. Employee benefits expense                                 | 16          | 16.94  | 17.55  |
| b. Finance costs   | 17          | 1,407.31                                     | 1,207.35                                     |
| c. Other expenses  | 18          | 160.83                                       | 70.90  |
| <b>Total expenses (III)</b>                                  |             | <b>1,585.08</b>                              | <b>1,295.80</b>                              |
| IV <b>Profit/(loss) before tax (II-III)</b>                  |             | <b>(1,317.84)</b>                            | <b>(1,048.20)</b>                            |
| V Tax expense/(benefit):                                     |             |  |  |
| (i) Tax adjustment for earlier years                         |             | 10.49  | -  |
|  |             | 10.49  | -  |
| VI <b>Profit/(loss) for the year (IV - V)</b>                |             | <b>(1,328.33)</b>                            | <b>(1,048.20)</b>                            |
| VII <b>Other comprehensive income</b>                        |             | -  | -  |
| VIII <b>Total comprehensive income for the year (VI+VII)</b> |             | <b>(1,328.33)</b>                            | <b>(1,048.20)</b>                            |
| IX Earnings per equity share (face value Rs. 10 per share)   | 25          |  |  |
| (1) Basic (in ₹)   |             | (942.01)                                     | (743.35)                                     |
| (2) Diluted (in ₹)   |             | (942.01)                                     | (743.35)                                     |
| See accompanying notes to the financial statements           | <b>1-32</b> |  |  |

In terms of our report attached


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Chartered Accountants  
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Director  
DIN: 08250331

  
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Director  
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**Parsvnath Rail Land Project Private Limited**  
**Statement of Changes in Equity for the year ended 31 March, 2019**

**a Equity Share Capital**

| Particulars                                     | Rs. In lakhs |
|---|--------------|
| <b>Balance as at 31 March, 2017</b>             | 14.10        |
| Changes in equity share capital during the year | -            |
| <b>Balance as at 31 March, 2018</b>             | 14.10        |
| Changes in equity share capital during the year | -            |
| <b>Balance as at 31 March, 2019</b>             | 14.10        |

**b Preference share capital**

| Particulars   | Rs. In lakhs |
|---|--------------|
| <b>Balance as at 31 March, 2017</b>                 | 28.30        |
| Changes in preference share capital during the year | -            |
| <b>Balance as at 31 March, 2018</b>                 | 28.30        |
| Changes in preference share capital during the year | -            |
| <b>Balance as at 31 March, 2019</b>                 | 28.30        |

**c Other Equity**

| Particulars                             | Reserves and Surplus             |                      |              |
|---|----------------------------------|----------------------|--------------|
|   | Securities<br>premium<br>reserve | Retained<br>earnings | Total        |
|   | Rs. In lakhs                     | Rs. In lakhs         | Rs. In lakhs |
| <b>Balance as at 31 March, 2017</b>     | 4,264.05                         | (1,415.37)           | 2,848.68     |
| Profit/(loss) for the year              | -                                | (1,048.20)           | (1,048.20)   |
| Other comprehensive income for the year | -                                | -                    | -            |
| <b>Balance as at 31 March, 2018</b>     | 4,264.05                         | (2,463.57)           | 1,800.48     |
| Profit/(loss) for the year              | -                                | (1,328.33)           | (1,328.33)   |
| Other comprehensive income for the year | -                                | -                    | -            |
| <b>Balance as at 31 March, 2019</b>     | 4,264.05                         | (3,791.90)           | 472.15       |

See accompanying notes to the financial statements

1-32

In terms of our report attached

**For S. N. Dhawan & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 000050N/N500045

*Vinesh Jain*

**Vinesh Jain**  
Partner  
Membership No. 087701



Place: Delhi  
Date: 29 May, 2019

**For and on behalf of the Board of Directors**

*Rahul Kumar Srivastav*

**Rahul Kumar Srivastav**  
Director  
DIN: 08250331

*Atul Jain*

**Atul Jain**  
Director  
DIN -00102555

**Parsvnath Rail Land Project Private Limited**  
**Statement of Cash Flows for the year ended 31 March, 2019**

| Notes  | Year ended<br>31 March, 2019<br>Rs. In lakhs | Year ended<br>31 March, 2018<br>Rs. In lakhs |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit/(loss) for the year   | (1,317.84)                                   | (1,048.20)                                   |
| Adjustments for :  |  |  |
| Finance costs recognised in statement of profit and loss                               | 1,407.31                                     | 1,207.35                                     |
| Interest income recognised in statement of profit and loss                             | <u>(267.24)</u>                              | <u>(247.60)</u>                              |
|  | (177.76)                                     | (88.45)                                      |
| <b>Movements in working capital:</b>   |  |  |
| (Increase)/decrease in other non current financial assets                              | -  | -  |
| (Increase)/decrease in other current financial assets                                  | 5.52   | (6.69)                                       |
| (Increase)/decrease in other non current financial assets                              | 267.50                                       | (1,100.00)                                   |
| (Increase)/decrease in other current assets  | (12.29)                                      | 291.03                                       |
| Increase/(decrease) in trade payables  | 141.34                                       | 66.58  |
| Increase/(decrease) in provisions  | 0.14   | 0.74   |
| Increase/(decrease) in other financial liabilities                                     | 81.48  | (244.30)                                     |
| Increase/(decrease) in other current liabilities                                       | <u>199.56</u>                                | <u>202.79</u>                                |
| <b>Cash generated from operations</b>  | 505.49                                       | (878.30)                                     |
| Income tax paid (net)  | <u>30.80</u>                                 | <u>(24.75)</u>                               |
| <b>Net cash flow from/(used in) operating activities</b>                               | <u>536.28</u>                                | <u>(903.05)</u>                              |
| <b>Cash flows from investing activities</b>  |  |  |
| Decrease/(increase) in deposits under lien not considered as cash and cash equivalents | 45.46  | 109.14                                       |
| Interest received  | <u>314.33</u>                                | <u>208.21</u>                                |
| <b>Net Cash flow from/(used in) investing activities</b>                               | <u>359.79</u>                                | <u>317.35</u>                                |
| <b>Cash flows from financing activities</b>  |  |  |
| Interest paid  | (792.56)                                     | (1,435.67)                                   |
| Proceeds from borrowings   | -  | 2,000.00                                     |
| Repayment of borrowings  | -  | -  |
| <b>Net Cash flow from/(used in) financing activities</b>                               | <u>(792.56)</u>                              | <u>564.33</u>                                |
| <b>Net increase in Cash and cash equivalents</b>                                       | 103.51                                       | (21.37)                                      |
| <b>Cash and cash equivalents at the beginning of the year</b>                          | 0.73   | 22.10  |
| <b>Cash and cash equivalents at the end of the year</b>                                | <u>4</u> <u>104.24</u>                       | <u>0.73</u>                                  |

- 1) The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statements of cash flows'.  
2) Figures in brackets indicate cash outflows.

See accompanying notes to the financial statements

1-32

In terms of our report attached

**For S. N. Dhawan & Co. LLP**

Chartered Accountants

Firm's Registration No. 000050N/N500045

*Vinesh Jain*  
**Vinesh Jain**

Partner

Membership No. 087701



Place: Delhi

Date: 29 May, 2019

**For and on behalf of the Board of Directors**

*Rahul Kumar Srivastav*

**Rahul Kumar Srivastav**

Director

DIN: 08250331

*Atul Jain*

**Atul Jain**

Director

DIN -00102555

**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

|   | <u>As at</u><br><u>31-March-19</u><br><u>Rs. In lakhs</u> | <u>As at</u><br><u>31-March-18</u><br><u>Rs. In lakhs</u> |
|---|---|---|
| <b>3 . Other financial assets</b>                                     |   |   |
| <b>Non-Current</b>  |   |   |
| a. Security deposits to related party                                 | 832.50  | 1,100.00  |
| b. Deposits with bank held as margin money                            | 4,130.23  | 4,175.68  |
| c. Interest accrued on deposits                                       | -   | 47.10   |
| d. Claim with RLDA on deemed cancellation of project<br>(see note 20) | 1,29,472.18   | 1,29,472.18   |
|   | <u><b>1,34,434.91</b></u>                                 | <u><b>1,34,794.96</b></u>                                 |
| <b>Current</b>  |   |   |
| a. Advances to related parties  | 1.16  | 6.69  |
|   | <u><b>1.16</b></u>  | <u><b>6.69</b></u>  |
| <b>4 . Cash and cash equivalents</b>                                  |   |   |
| a. Balances with banks in current account                             | 104.06  | 0.73  |
| b. Cash on hand   | 0.18  | 0.00  |
|   | <u><b>104.24</b></u>                                      | <u><b>0.73</b></u>  |
| <b>5. Tax assets (net)</b>  |   |   |
| a. Tax refund receivable  | 50.43   | 91.72   |
|   | <u><b>50.43</b></u>                                       | <u><b>91.72</b></u>                                       |
| <b>6. Other assets</b>  |   |   |
| <b>Current</b>  |   |   |
| a. Prepaid expenses   | 32.82   | 20.53   |
| b. Advances to suppliers  | 0.30  | 0.30  |
|   | <u><b>33.12</b></u>                                       | <u><b>20.83</b></u>                                       |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**7. Equity share capital**

|   | <b>As at<br/>31-March-19<br/>Rs. in lakhs</b> | <b>As at<br/>31-March-18<br/>Rs. in lakhs</b> |
|---|---|---|
| <b>Authorised share capital</b><br>2,90,50,000 fully paid equity shares of Rs. 10 each<br>(as at 31 March, 2018: 2,90,50,000)                 | <b>2,905.00</b>                               | <b>2,905.00</b>                               |
| <b>Issued, subscribed and fully paid share capital</b><br>1,41,011 fully paid equity shares of Rs 10 each<br>(as at 31 March, 2018: 1,41,011) | 14.10   | 14.10   |
|   | <b>14.10</b>                                  | <b>14.10</b>                                  |

**7.1- Reconciliation of share capital**

|                              | <b>Number of<br/>Shares</b> | <b>Share Capital<br/>Rs. In lakhs</b> |
|------------------------------|-----------------------------|---------------------------------------|
| Balance as at 31 March, 2017 | 1,41,011                    | 14.10                                 |
| Movements during the year    | -                           | -                                     |
| Balance as at 31 March, 2018 | 1,41,011                    | 14.10                                 |
| Movements during the year    | -                           | -                                     |
| Balance as at 31 March, 2019 | <b>1,41,011</b>             | <b>14.10</b>                          |

**7.2 - Rights, preferences and restrictions attached to each class of equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. 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

**7.3- Details of share held by the holding company, its subsidiaries and associates**

|  | <b>As at<br/>31-March-19<br/>No. of shares</b> | <b>As at<br/>31-March-18<br/>No. of shares</b> |
|--|--|--|
| <b>Holding company</b><br>Parsvnath Developers Limited | 1,20,000                                       | 1,20,000                                       |

**7.4- Details of shares held by each shareholder holding more than 5%**

|   | <b>As at March 31, 2019</b>      |                  | <b>As at March 31, 2018</b>      |                  |
|---|----------------------------------|------------------|----------------------------------|------------------|
|   | <b>Number of<br/>shares held</b> | <b>% holding</b> | <b>Number of<br/>shares held</b> | <b>% holding</b> |
| <b>Fully paid equity shares</b><br>Parsvnath Developers Limited | 1,20,000                         | 85%              | 1,20,000                         | 85%              |
| Tango Investment Holdings Ltd.                                  | 21,011                           | 15%              | 21,011                           | 15%              |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**8. Convertible preference share capital**

|   | <b>As at<br/>31-March-19</b> | <b>As at<br/>31-March-18</b> |
|---|------------------------------|------------------------------|
|   | <b>Rs.in lakhs</b>           | <b>Rs.in lakhs</b>           |
| <b>Authorised share capital</b>   |                              |                              |
| 3,00,000 Class A -Cumulative convertible preference share of Rs. 10 each (as at 31 March, 2018: 300,000 shares) | 30.00                        | 30.00                        |
| <b>Issued and subscribed capital</b>  |                              |                              |
| 282,974 Class A -Cumulative convertible preference share of Rs. 10 each (as at 31 March, 2018: 282,974 shares)  | 28.30                        | 28.30                        |
|   | <b>28.30</b>                 | <b>28.30</b>                 |

**8.1- Reconciliation of share capital**

|                              | <b>Number of<br/>shares</b> | <b>Share Capital<br/>Rs. In lakhs</b> |
|------------------------------|-----------------------------|---------------------------------------|
| Balance as at 31 March, 2017 | 2,82,974                    | 28.30                                 |
| Movements during the year    | -                           | -                                     |
| Balance as at 31 March, 2018 | 2,82,974                    | 28.30                                 |
| Movements during the year    | -                           | -                                     |
| Balance as at 31 March, 2019 | <b>2,82,974</b>             | <b>28.30</b>                          |

**8.2 - Rights, preferences and restrictions attached to each class of equity shares**

Each CCPS shall compulsorily convert at the Conversion Price of the CCPS at the end of 18 years from the allotment, date into equity shares as per terms of the Amended and Restated Investors and Security Holders Agreement dated 21 August 2013. The holders of Class A CCPS can also seek conversion into Equity shares prior to the end of the term as set out in the agreement.

**8.3 -Details of shares held by each shareholder holding more than 5% shares**

|                               | <b>As at<br/>31-March-19</b> |   | <b>As at<br/>31-March-18</b> |   |
|-------------------------------|------------------------------|---|------------------------------|---|
|                               | Number of<br>Shares held     | % holding of<br>this class of<br>shares | Number of<br>Shares held     | % holding of<br>this class of<br>shares |
| Tango Investment Holdings Ltd | 2,82,974                     | 100%                                    | 2,82,974                     | 100%                                    |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

|                                      | <u>As at</u><br><u>31-March-19</u><br><u>Rs. In lakhs</u> | <u>As at</u><br><u>31-March-18</u><br><u>Rs. In lakhs</u> |
|--------------------------------------|---|---|
| <b>9. Other equity</b>               |   |   |
| a. Securities premium reserve        | 4,264.05  | 4,264.05  |
| b. Retained earnings                 | <u>(3,791.90)</u>   | <u>(2,463.57)</u>   |
|                                      | <u>472.15</u>   | <u>1,800.48</u>   |
| <b>a. Securities premium</b>         |   |   |
| Balance at the beginning of the year | 4,264.05  | 4,264.05  |
| Movements                            | -   | -   |
| Balance at the end of the year       | <u>4,264.05</u>   | <u>4,264.05</u>   |
| <b>b. Retained earnings</b>          |   |   |
| Balance at the beginning of the year | (2,463.57)  | (1,415.37)  |
| Profit/(Loss) for the year           | <u>(1,328.33)</u>   | <u>(1,048.20)</u>   |
| Balance at the end of the year       | <u>(3,791.90)</u>   | <u>(2,463.57)</u>   |

a. Securities premium - The amount received in excess of the face value of the equity shares and convertible preference shares issued by the Company is recognised in securities premium.

b. Retained earnings - Retained earnings are profits/losses of the Company earned till date.





**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

|   | <b>As at<br/>31-March-19<br/>Rs. In lakhs</b> | <b>As at<br/>31-March-18<br/>Rs. In lakhs</b> |
|---|---|---|
| <b>10. Borrowings</b>   |   |   |
| <b>Non current</b>  |   |   |
| <b>Unsecured - at amortised cost</b>  |   |   |
| a. 0.1% Optionally convertible debentures Series X of Rs. 1 lakh<br>(31 March,2019: 6,550; 31 March 2018: 6,550;<br>optionally convertible debentures of Rs 1 lakh each)  | 6,550.00                                      | 6,550.00                                      |
| b. 0.1% Optionally convertible debentures Series Y of Rs. 1 lakh<br>( 31 March,2019: 16,000; 31 March 2018:16,000;<br>optionally convertible debentures of Rs 1 lakh each)  | 16,000.00                                     | 16,000.00                                     |
| <p>Series X and Y holders have right but not obligation at any time prior to 12 months from the allotment date to convert in secured rated, redeemable, cumulative, non-convertible debentures of the Company on identical terms and rights as the NCD B series debentures or into equity shares on the expiry of the tenure or in case of EOD both X and Y OCD shall be compulsorily and obligatorily converted into equity shares as set out in the Optionally Convertible debentures Subscription agreements dated August 21. 2013.</p> <p>All Series X and Series Y OCD are compulsorily and obligatorily to be redeemed on expiry of 10 years term or earlier at a premium as set out in the Optionally Convertible Debenture subscription agreement dated August 21, 2013.</p> <p>Interest on Series X and Series Y OCDs is cumulative and is payable within 5 days from the date of conversion / date of redemption as applicable.</p> |   |   |
| c. 17.50% Optionally convertible debentures Series B of Rs. 1040<br>(31 March, 2019: 3,09,634; 31 March 2018:3,09,634;<br>optionally convertible debentures of Rs 1,040 each)   | 3,220.19                                      | 3,220.19                                      |
| <p>The Series B OCDs are redeemable at par value on or prior to the maximum term of 20 (twenty) years, or shall compulsorily stand converted into one equity share each in order to give effect to the terms of the Amended and Restated Investors and Security Holders Agreement dated 21 August 2013.</p> <p>Interest is compounded annually and payable on 31 March every year subject to availability of surplus operating cash flow or before redemption, anytime out of operating surplus cash flows or on redemption date.</p>   |   |   |
| <b>Secured - at amortised cost</b>  |   |   |
| a. 15% Redeemable non convertible debentures Series A of Rs. 1 lakh each<br>(31 March,2019: 360; 31 March 2018: 360;<br>redeemable non convertible debentures of Rs 1 lakh each)  | 36,000.00                                     | 36,000.00                                     |
| b. 15% Redeemable non convertible debentures Series B of Rs. 1 lakh each<br>(31 March,2019: 24,439; 31 March 2018:24,439 debentures)  | 24,439.00                                     | 24,439.00                                     |
|   | <b>86,209.19</b>                              | <b>86,209.19</b>                              |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

Both redeemable NCD are secured by first and second charge respectively by way of hypothecation of assets, contracts receivables, all present and future book debts, outstandings, monies receivables, claims and receivables together with all and any interest accruing thereon and exclusive charge respectively in favour of the Debenture Trustee in respect of the leasehold rights of the Company over such site parcels leased by the RLDA to the Company upon payment of the second lease instalment and in respect of the remaining site parcels by execution of the subsequent Indenture of mortgage.

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

Debentures are redeemable after the expiry of a period of 36 months but before the expiry of 120 months from the date of allotment i.e. 20 December, 2012 and 21 August, 2013 respectively.

|                                    | <b>As at<br/>31-March-19<br/>Rs. In lakhs</b> | <b>As at<br/>31-March-18<br/>Rs. In lakhs</b> |
|------------------------------------|---|---|
| <b>Borrowings</b>                  |   |   |
| <b>Current</b>                     |   |   |
| <b>Secured - at amortised Cost</b> |   |   |
| a. Loans from other parties        | 7,500.00                                      | 7,500.00                                      |
|                                    | <b>7,500.00</b>                               | <b>7,500.00</b>                               |

| <b>Security details</b> | <b>As at<br/>31-March-19</b> | <b>As at<br/>31-March-18</b> |
|-------------------------|------------------------------|------------------------------|
|-------------------------|------------------------------|------------------------------|

- |    |      |  |          |          |
|----|------|--|----------|----------|
| a. | i.   | Pledge of 51% of shareholding of the company held by the holding company with Non-Disposal Undertaking for balance shareholding by its shareholders  |          |          |
|    | ii.  | First exclusive charge on the current assets & fixed assets (including hypothecation of all the book debts, operating cash flows, receivables, etc.) of the company  |          |          |
|    | iii. | First pari passu charge/assignment/mortgage of leasehold rights of the RLDA project, project contracts, rights, goodwill and other intangible assets; mortgage of immovable assets; hyp of movable assets including receivables of the company |          |          |
|    | iv.  | Corporate guarantee of holding company   | 7,500.00 | 7,500.00 |
|    | v.   | Personal guarantee of Sh. Pradeep Kumar Jain   |          |          |
|    | vi.  | Pledge of 16.79 mn shares of holding company on pari passu basis   |          |          |
|    | vii. | Mortgage & hypothecation of receivables (on pari passu basis) of the following properties  |          |          |
|    |      | 1. Hotel plot situated in Jodhpur owned by PHL   |          |          |
|    |      | 2. Rohtak township project   |          |          |
|    |      | 3. Land situated in Indore owned by holding company  |          |          |
|    |      | 4. City Centre Bhiwadi owned by holding company  |          |          |
|    |      | 5. School land at Sonipat  |          |          |

Interest is payable monthly @ 16.00% plus IBR increase. Loan was repayable on 05 October, 2018 and is overdue as on date.

|   | <b>Amount<br/>Rs. In lakhs</b> | <b>No. of<br/>days</b> |
|---|--------------------------------|------------------------|
| <b>Default in repayment of borrowings</b> |                                |                        |
| a. Principal                              | 7,500.00                       | 176                    |
| b. Interest                               | 234.35                         | 1-89 days              |
|   | 239.55                         | 90 to 179 days         |
|   | 397.04                         | Over 180 days          |
|   | <b>870.94</b>                  |                        |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

|  | <b>As at<br/>31-March-19<br/>Rs. In lakhs</b> | <b>As at<br/>31-March-18<br/>Rs. In lakhs</b> |
|--|---|---|
| <b>11. Trade payables</b>  |   |   |
| <b>Current</b>   |   |   |
| Trade payables   | 232.65  | 91.31   |
|  | <b>232.65</b>                                 | <b>91.31</b>                                  |
| Note:  |   |   |
| 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. |   |   |
| <b>12. Other financial liabilities</b>   |   |   |
| <b>Current</b>   |   |   |
| a. Interest accrued but not due on debenture   | 2,124.02                                      | 2,124.02                                      |
| b. Interest accrued but not due on borrowings  | -   | 81.62   |
| c. Interest accrued and due on borrowings  | 870.94  | 174.58  |
| d. Security deposit received   | 0.10  | 0.10  |
| e. Payables on assignment (see note 20)  | 36,168.91                                     | 36,168.91                                     |
| f. Due to holding company  | 81.48   | -   |
|  | <b>39,245.45</b>                              | <b>38,549.23</b>                              |
| <b>13. Other liabilities</b>   |   |   |
| <b>Current</b>   |   |   |
| a. Statutory liabilities   | 919.21  | 719.65  |
|  | <b>919.21</b>                                 | <b>719.65</b>                                 |
| <b>14. Provisions</b>  |   |   |
| <b>Current</b>   |   |   |
| Employee benefits  | 2.81  | 2.67  |
|  | <b>2.81</b>                                   | <b>2.67</b>                                   |
| Break up:  |   |   |
| a. Provision for gratuity  | 2.66  | 2.21  |
| b. Provision for compensated absences  | 0.15  | 0.46  |
|  | <b>2.81</b>                                   | <b>2.67</b>                                   |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

|  | <u>Year ended</u><br><u>31 March, 2019</u><br>Rs. In lakhs | <u>Year ended</u><br><u>31 March, 2018</u><br>Rs. In lakhs |
|--|--|--|
| <b>15. Other income</b>                  |  |  |
| a. Interest Income :                     |  |  |
| i. on fixed deposit from bank            | 256.69   | 247.60   |
| ii. on income tax refund                 | 10.55  | -  |
|  | <u><b>267.24</b></u>                                       | <u><b>247.60</b></u>                                       |
| <b>16. Employee benefits expense</b>     |  |  |
| a. Salaries and Waqes                    | 16.94  | 17.55  |
|  | <u><b>16.94</b></u>  | <u><b>17.55</b></u>  |
| <b>17. Finance costs</b>                 |  |  |
| a. Interest expenses:                    |  |  |
| i. on term loans                         | 1,200.00   | 1,005.33   |
| ii. on delayed payment of statutory dues | 110.01   | 107.32   |
| b. Other borrowing costs                 | 97.30  | 94.70  |
|  | <u><b>1,407.31</b></u>                                     | <u><b>1,207.35</b></u>                                     |
| <b>18. Other expenses</b>                |  |  |
| a. Insurance                             | -  | 0.07   |
| b. Rates and taxes                       | 29.90  | 54.24  |
| c. Bank charges                          | 0.59   | 0.54   |
| d. Printing and stationery               | 0.00   | 0.02   |
| e. Advertisement and business promotion  | 0.45   | 0.44   |
| f. Legal and professional charges        | 11.07  | 12.14  |
| g. Payment to auditors                   | 4.72   | 2.45   |
| h. Registration expenses                 | 113.25   | -  |
| i. Miscellaneous expenses                | 0.85   | 1.00   |
|  | <u><b>160.83</b></u>                                       | <u><b>70.90</b></u>  |
| <b>Payment to auditors</b>               |  |  |
| i. Statutory audit fee                   | 2.00   | 2.00   |
| ii. Limited review fee                   | 2.00   | -  |
| iii. GST on above                        | 0.72   | 0.36   |
| iv. Out of pocket expenses               | -  | 0.09   |
|  | <u><b>4.72</b></u>   | <u><b>2.45</b></u>   |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

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19. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
20. Parsvnath Developers Limited (PDL), the holding Company was selected as bidder for grant of lease for development of residential, commercial and other related infrastructure facilities on plot of land at Sarai Rohilla, Kishanganj by Rail Land Development Authority (RLDA) vide its 'Letter of Acceptance' (LOA) dated 26 November, 2010. Parsvnath Promoters and Developers Private Limited (PPDPL) was formed as a Special Purpose Vehicle (SPV) for the purposes of development of the project and RLDA accorded approval on 7 February, 2011 adopting PPDPL as SPV.

Subsequently as per the requirement of RLDA and their subsequent approvals vide letter dated 3 August, 2012, PDL incorporated a new SPV Parsvnath Rail Land Project Private Limited (PRLPPL) for development and implementation of the project and accordingly all assets and liabilities were transferred by PPDPL to the company.

Due to multifarious reasons, including the lack of statutory approvals of lay out and building plans to commence constructions, from NDMC, owing to discrepancies noticed by the NDMC in the title of the Project Land, the Company was not able to achieve 'Financial Closure' as per Article 7 of the agreement, which resulted in deemed termination of the agreement. The Company has invoked the arbitration clause in the development agreement for recovery of amount paid to RLDA together with interest thereon on deemed termination of agreement by way of instituting two Arbitration proceedings namely Arbitration I and II. The Arbitral Tribunal has announced its award in respect of the Arbitration II dated 25th November, 2017 directing RLDA to refund the amount of Rs.103,453.78 lacs along with 4% interest per annum payable with effect from the 15th July, 2015 till the date of recovery.

RLDA had filed its objections under section 34 of the Arbitration and Conciliation Act, 1996 before the Hon'ble Delhi High Court for setting aside the said Arbitral Award. However, the Hon'ble Delhi High Court vide its order dated 3 April, 2018 upheld the Arbitration Award. RLDA then filed an appeal under section 37 of the Arbitration and Conciliation Act, 1996 before the Division Bench of the Delhi High Court. The Hon'ble Delhi High Court dismissed the appeal filed by RLDA and upheld the order of the Delhi High Court and award of the Arbitral Tribunal vide its judgment dated 14 March 2019. The Company has also filed an enforcement petition for the enforcement of the award dated 25 November 2017.

In case of Arbitration I (with respect to RLDA's liability for payment of interest to the Company on instalments received in excess of and prior to RLDA's entitlement), the Arbitral Tribunal by award dated 01 June, 2018, rejected the Company's claim of Rs. 41,946.79 lacs and directed the Company to pay the cost incurred in the proceedings amounting to Rs. 97.00 lacs. The Company has appealed against the decision before the Hon'ble Delhi High Court and the matter is in the process of being heard by the Hon'ble High Court.

The Company has also initiated Arbitration Proceedings (Arbitration III), wherein the Company and PDL inter-alia sought refund of the amounts retained as alleged losses, losses incurred on account of RLDA's breach of its representations and warranties in respect of the land sought to be leased. On RLDA's refusal to appoint its nominee arbitrator, the Company and PDL approached the Hon'ble High Court of Delhi which nominated an arbitrator for RLDA. Arbitration proceedings have thereafter commenced.

Advance amount paid to RLDA for allotment of project including amount spent on development of the said project as been shown as recoverable from RLDA and accordingly reflected in Note 3 : "other non current financial assets" .

Considering the facts and based on discussions with legal counsel, the management is confident of recovering the full amount from RLDA, as reflected in the books of account.

21. The holders of non convertible debentures 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 achieves 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 debenture holders. Accordingly, the Company has not accrued any liability for interest on these debentures for the year.

The holder of optionally convertible debentures Series B has also accorded its approval for moratorium in the accrual and payment of debenture interest from 1 April, 2018 to 31 March, 2019. The Board of Directors of the Company has also approved the waiver of interest for the said period. Accordingly, the Company has not accrued any liability for interest on these debentures.

**22. Deferred Tax assets**

The Company has carried out its tax computation in accordance with mandatory Ind AS -12. 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.



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**23. Employee benefit plan**

The Company offers its employees defined benefit plan in the form of a gratuity scheme. Benefits under gratuity scheme are based on year's of service and employee remuneration. The scheme provides for lump sum payment to vested employees at retirement, death while on employment, resignation or on termination of employment.

Amount is equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of continuous service.

The following table sets out the amount recognised in respect of gratuity in the financial statements:

|   | <b>As at<br/>31 March, 2019</b> | <b>As at<br/>31 March, 2018</b> |
|---|---------------------------------|---------------------------------|
|   | <b>Rs. in lakhs</b>             | <b>Rs. in lakhs</b>             |
| Liability at the beginning of the year                  | 2.21                            | 1.58                            |
| Current service cost                                    | 0.45                            | 0.63                            |
| Paid during the year                                    | -                               | -                               |
| Liability at the end of the year                        | 2.66                            | 2.21                            |
| Expensed recognised in the Statement of Profit and Loss | 0.45                            | 0.63                            |

**24. Segment reporting**

The Company is engaged in the business of 'Real Estate'. For management purposes, there is single reportable segment. Accordingly disclosure required by Ind AS 108 'Operating Segment' have not been provided in the financial statements.

The Company operates in single geographical area of India. Accordingly, geographical information has not been reported.

There is no single customer contributed 10% or more to the Company's revenue during the year 2018-19 and 2017-18.

**25. Earnings per share**

|      |  | <b>Year ended<br/>31 March, 2019</b> | <b>Year ended<br/>31 March, 2018</b> |
|------|--|--------------------------------------|--------------------------------------|
| i.   | Net loss for calculation of basic and diluted earnings per share     | Rs. in lakhs (1,328.33)              | (1,048.20)                           |
| ii.  | Weighted average number of equity shares outstanding during the year | Numbers 1,41,011                     | 1,41,011                             |
| iii. | Basic and diluted earnings per share                                 | Rs. (942.01)                         | (743.35)                             |
| iv.  | Nominal value of equity shares                                       | Rs. 10.00                            | 10.00                                |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**26. Related party disclosures**

**i. List of related parties (with whom the Company has transactions during the year)**

**(a) Holding Company**

- Parsvnath Developers Limited (PDL)

**(b) Fellow subsidiaries**

- Parsvnath Promoters and Developers Private Limited (PPDPL)  
- Parsvnath Hotels Ltd (PHL)  
- Parsvnath Landmark Developers P Ltd ( PLDPL)

**ii. Balances outstanding/transactions with related parties**

|   | PDL<br>₹               | PPDPL<br>₹               | PHL<br>₹ | PLDPL<br>₹ |
|---|------------------------|--------------------------|----------|------------|
| <b>(a) Transactions during the year</b>     |                        |                          |          |            |
| Security deposit paid                       | (1,100.00)             | (-)                      | (-)      | (-)        |
| Security deposits received back             | 267.50<br>(-)          | (-)                      | (-)      | (-)        |
| Advances paid                               | 145.57<br>(106.11)     | 0.98<br>(0.18)           | (-)      | (-)        |
| Advance received                            | 288.00<br>(566.13)     | (-)                      | (-)      | (-)        |
| Advance repaid                              | 206.52<br>(566.13)     | (-)                      | (-)      | (-)        |
| Guarantees issued for loan                  | (-)                    | (-)                      | (-)      | (-)        |
| Advances received back                      | (99.60)                | (-)                      | (275.00) | (2.02)     |
| Transfer of balances                        | (-)                    | (-)                      | (-)      | (-)        |
| Financial quarantees                        | (2,000.00)             | (-)                      | (-)      | (-)        |
| <b>(b) Balances at year-end</b>             |                        |                          |          |            |
| Optionally convertible debenture - Series B | 3,220.19<br>(3,220.19) | (-)                      | (-)      | (-)        |
| Interest accrued but not due on OCD's       | 712.90<br>(712.90)     | (-)                      | (-)      | (-)        |
| Short-term Advances                         | (6.51)                 | 1.16<br>(0.18)           | (-)      | (-)        |
| Security deposit (assets)                   | 832.50<br>(1,100.00)   | (-)                      | (-)      | (-)        |
| Payables                                    | 81.48<br>(-)           | 36,168.91<br>(36,168.91) | (-)      | (-)        |
| Guarantees issued for loan                  | 7,500.00<br>(7,500.00) | (-)                      | (-)      | (-)        |

**Notes:**

- 1 Related party transactions entered during the year were in ordinary course of business and are on arm's length basis
- 2 Figures in brackets represent figures as at and for the year ended 31 March, 2019.

**Terms and conditions of transactions with related parties**

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis. For the year ended 31 March, 2019, the Company has not recorded any impairment of receivables from related parties (31 March, 2018 - Nil). The Company makes this assessment each financial year through examination of the financial position of the related party and the market condition in which the related party operates.

**27. Corporate social responsibility**

In terms of provisions of section 133 of the Companies Act, 2013, the Company was not required to spend any amount on activities relating to Corporate Social Responsibilities (CSR).



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**28 Financial Instruments**

The carrying amounts and fair values of financial instruments by categories is as follows:

|                                    | Rs. in lakhs       |                    |                   |          |                    |                    |          |          |  |
|------------------------------------|--------------------|--------------------|-------------------|----------|--------------------|--------------------|----------|----------|--|
|                                    | As at 31-March-19  |                    | As at 31-March-18 |          |                    |                    |          |          |  |
|                                    | Total              | Amortised Cost     | At cost           | FVTPL    | Total              | Amortised Cost     | At cost  | FVTPL    |  |
| <b>Financial assets</b>            |                    |                    |                   |          |                    |                    |          |          |  |
| ii. Cash and cash equivalents      | 104.24             | 104.24             | -                 | -        | 0.73               | -                  | -        | -        |  |
| iii. Other financial assets        | 1,34,436.07        | 1,34,436.07        | -                 | -        | 1,34,801.65        | 1,34,801.65        | -        | -        |  |
| <b>Total financial assets</b>      | <b>1,34,540.31</b> | <b>1,34,540.31</b> | <b>-</b>          | <b>-</b> | <b>1,34,802.38</b> | <b>1,34,802.38</b> | <b>-</b> | <b>-</b> |  |
| <b>Financial liabilities</b>       |                    |                    |                   |          |                    |                    |          |          |  |
| i. Borrowings                      | 93,709.19          | 93,709.19          | -                 | -        | 93,709.19          | 93,709.19          | -        | -        |  |
| ii. Trade Payables                 | 232.65             | 232.65             | -                 | -        | 91.31              | 91.31              | -        | -        |  |
| iii. Other financial liabilities   | 39,245.45          | 39,245.45          | -                 | -        | 38,549.23          | 38,549.23          | -        | -        |  |
| <b>Total financial liabilities</b> | <b>1,33,187.29</b> | <b>1,33,187.29</b> | <b>-</b>          | <b>-</b> | <b>1,32,349.73</b> | <b>1,32,349.73</b> | <b>-</b> | <b>-</b> |  |

The Company has disclosed financial instruments such as trade receivables, other financial assets, trade payables, borrowings and other financial liabilities at carrying value because their carrying amounts are reasonable approximation of the fair values.





**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**29. Financial Risk Management**

The Company's business operations are exposed to various financial risks such as liquidity risk, market risks, credit risk, interest rate risk, funding risk etc. The Company's financial liabilities mainly includes borrowings taken for the purpose of financing company's operations. Financial assets mainly includes claim receivable from RLDA.

The Company has a system based approach to financial risk management. The Company has internally instituted an integrated financial risk management framework comprising identification of financial risks and creation of risk management structure. The financial risks are identified, measured and managed in accordance with the Company's policies on risk management. Key financial risks and mitigation plans are reviewed by the board of directors of the Company.

**Liquidity Risk**

Liquidity risk is the risk that the Company may face to meet its obligations for financial liabilities. The objective of liquidity risk management is that the Company has sufficient funds to meet its liabilities when due. The Company is under stressed conditions, which has resulted in delays in meeting its liabilities. The Company, regularly monitors the cash outflow projections and arrange funds to meet its liabilities.

The following table summarises the maturity analysis of the Company's financial liabilities based on contractual undiscounted cash outflows:

|                             | <b>Carrying amount</b> | <b>Payable within 1 year</b> | <b>Payable in 1-3 years</b> | <b>Rs. in lakhs<br/>Payable more than 3 years</b> |
|-----------------------------|------------------------|------------------------------|-----------------------------|---|
| <b>As at 31 March, 2019</b> |                        |                              |                             |   |
| Borrowings                  | 93,709.19              | 7,500.00                     | -                           | 86,209.19   |
| Trade payables              | 232.65                 | 232.65                       | -                           | -   |
| Other financial liabilities | 39,245.45              | 39,245.45                    | -                           | -   |
|                             | <b>1,33,187.29</b>     | <b>46,978.10</b>             | <b>-</b>                    | <b>86,209.19</b>                                  |

**As at 31 March, 2018**

|                             |                    |                  |          |                  |
|-----------------------------|--------------------|------------------|----------|------------------|
| Borrowings                  | 93,709.19          | 7,500.00         | -        | 86,209.19        |
| Trade payables              | 91.31              | 91.31            | -        | -                |
| Other financial liabilities | 38,549.23          | 38,549.23        | -        | -                |
|                             | <b>1,32,349.73</b> | <b>46,140.54</b> | <b>-</b> | <b>86,209.19</b> |

**Market risk**

Market risk is the risk that future cash flows will fluctuate due to changes in market prices i.e. interest rate risk and price risk.

**A. Interest rate risk**

Interest rate risk is the risk that the future cash flows will fluctuate due to changes in market interest rates. The Company is mainly exposed to the interest rate risk due to its borrowings. The Company manages its interest rate risk by having balanced portfolio of fixed and variable rate borrowings. The Company does not enter into any interest rate swaps.

**Interest rate sensitivity analysis**

The exposure of the company's borrowing to interest rate change at the end of the reporting periods are as follows :

|                                 | <b>As at 31<br/>March, 2019<br/>Rs. in lakhs</b> | <b>As at 31 March,<br/>2018<br/>Rs. in lakhs</b> |
|---------------------------------|--|--|
| <b>Variable rate borrowings</b> |  |  |
| Long Term                       | -  | -  |
| Short Term                      | -  | -  |
|                                 | -  | -  |



**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

**Total Variable rate Borrowing**

**Fixed Rate Borrowings**

|            |           |           |
|------------|-----------|-----------|
| Long Term  | 86,209.19 | 86,209.19 |
| Short Term | 7,500.00  | 7,500.00  |

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| <b>Total Fixed rate Borrowing</b> | <u>93,709.19</u> | <u>93,709.19</u> |
|-----------------------------------|------------------|------------------|

|                        |                  |                  |
|------------------------|------------------|------------------|
| <b>Total Borrowing</b> | <u>93,709.19</u> | <u>93,709.19</u> |
|------------------------|------------------|------------------|

**Sensitivity**

Since the Company does not have any variable rate borrowings, there is no impact on profit and loss before tax due to change in interest rate.

**B. Price risk**

The Company has very limited exposure to price sensitive securities, hence price risk is not material.

**Credit Risk**

Credit risk is the risk that customer or counter-party will not meet its obligation under the contract, leading to financial loss. The Company has no trade receivables, hence the credit risk is not material.

**30. Capital Management**

For the purpose of capital management, capital includes equity capital, share premium and retained earnings. The

The debt-equity ratio at the end of the reporting period is as follows:

|  | <u>As at 31 March,<br/>2019</u><br>Rs. in lakhs | <u>As at 31<br/>March, 2018</u><br>Rs. in lakhs |
|--|---|---|
| <b>Borrowings:</b>                           |   |   |
| - Long term                                  | 86,209.19                                       | 86,209.19                                       |
| - Short term                                 | 7,500.00  | 7,500.00  |
| - Current maturities of long term borrowings | -   | -   |
| <b>Total borrowings - A</b>                  | <u>93,709.19</u>                                | <u>93,709.19</u>                                |
| <b>Equity</b>                                |   |   |
| - Equity share capital                       | 14.10   | 14.10   |
| - Preference share capital                   | 28.30   | 28.30   |
| - Other equity                               | 472.15  | 1,800.48  |
| <b>Total Equity - B</b>                      | <u>514.55</u>                                   | <u>1,842.88</u>                                 |
| Debt to equity ratio (A/B)                   | 182.12  | 50.85   |

**31. Events after the reporting period**

There are no event observed after the reported period which have an impact on the Company's operation.

**32. Approval of the financial statements**

The financial statements were approved for issue by Board of Directors on 29 May,2019



**For and on behalf of the Board of Directors**

**Rahul Kumar Srivastav**  
 Director  
 DIN: 08250331

**Atul Jain**  
 Director  
 DIN -00102555

Place: Delhi  
 Date: 29 May,2019

**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

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## **1. Corporate Information**

Parsvnath Rail Land Project Private Limited ('the Company') was incorporated on 11 November, 2011 as a wholly owned Subsidiary Company of Parsvnath Developers Limited. The Company has been set up for the business of promotion, construction and development of residential projects.

The company is engaged in the business of promotion, construction and development of a residential project.

## **2. Significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Upto the year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is 1 April, 2015.

The financial statements are presented in Indian Rupee and all values are rounded to the nearest lakhs, except when otherwise stated.

### **2.2 Basis of measurement and presentation**

The financial statements have been prepared on the historical cost basis unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **2.3 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised / inventorised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale.

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

### **2.4 Employee benefits**

#### **Short-term employee benefits**

Liabilities recognised in respect of short-term employee benefits in respect of wages and salaries, performance incentives, leaves etc. are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### **2.5 Taxation**

Income tax expense for the year comprises of current tax and deferred tax.

#### **Current tax**

Current tax is the expected tax payable on the taxable income for the year calculated in accordance with the Income Tax Act and any adjustment to taxes in respect of previous years.

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### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts used in the computation of taxable income. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **2.6 Inventories**

Inventory comprises property under construction (work-in-progress) and is valued at lower of cost and net reliable value. Cost includes cost of land, development rights, materials, services, overhead related to projects under construction and apportioned borrowing costs.

### **2.7 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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.

### **2.8 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. The Company does not recognise a contingent liability, but discloses its existence in the notes to the financial statements.

### **2.9 Cash and cash equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprises cash on hand, cash at bank and short-term deposits with banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **2.10 Earnings per share**

Basic earnings per share is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all period presented is adjusted for events, such as bonus shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit for the year attributable to equity shareholders 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.

**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

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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.

### **2.11 Current/non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is treated as current when :

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

### **2.12 Operating cycle**

The operating cycle is the time gap between the acquisition of the asset for processing and their realization in cash and cash equivalents. 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 48 months for real estate projects and 12 months for others for the purpose of classification of its assets and liabilities as current and non-current.

### **2.13 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **2.14 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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### **Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost :

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

## **2.15 Financial liabilities and equity instruments**

### **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **Financial liabilities**

All financial liabilities are measured at amortised cost at the end of subsequent accounting period.

## **Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires the Management to make judgments, 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 these assumptions and 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.

Significant judgements and other estimates and assumptions that may have the significant effect on the carrying amount of assets and liabilities in future years are:

- a. Measurement of contingent liabilities and expected cash outflows
- b. Provision for expected credit losses

## **Recent accounting pronouncements**

- a. Accounting Standard issued but not yet effective:

### **Ind AS 116 – Leases**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

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**Parsvnath Rail Land Project Private Limited**  
**Notes to the financial statements for the year ended 31 March, 2019**

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Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. There is no significant change in accounting requirement for lessor. This accounting standard is applicable for accounting period commencing on or after 1 April 2019, the Company is evaluating the impact of this new accounting standard on the financial statements.

b. Amendments to existing accounting standards:

The MCA has also carried amendments to the following existing Ind AS

i. Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Company is currently evaluating the effect of this amendment on the financial statements.

ii. Amendment to Ind AS 12 - Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

These amendments will be effective for accounting period beginning on or after April 1, 2019. These amendments are not expected to have any significant impact on the Company's financial statements.

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