

**Hagwood Commercial Developers Private  
Limited**

Financial Statements  
together with the  
Independent Auditors' Report  
for the year ended 31 March 2020

# Hagwood Commercial Developers Private Limited

## **Financial statements together with the Independent Auditors' Report** *for the year ended 31 March 2020*

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## **Independent Auditors' Report**

### **To the Members of Hagwood Commercial Developers Private Limited**

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Hagwood Commercial Developers Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its loss and other comprehensive income, changes in equity and its cash flows for the year ended 31 March 2020.

#### **Basis for Opinion**

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

#### **Emphasis of matter**

We draw attention to note 43 to the annual financial statement of Company, which currently is contesting the cancellation order issued by Airport Authority of India, Nagpur ('AAIN') and revalidation of the original No Objection Certificate ('NOC') issued by AAIN for permission of maximum permissible height of the residential building at its project in Nagpur. Further, the Appellate Committee of Ministry of Civil Aviation has rejected the appeal of the company in this matter and instructed the Airport operator, Mihan India Private Limited to initiate action as per Aircraft (Demolition of Obstructions caused by buildings and tree, etc.) Rule 1994. The company





## **Independent Auditors' Report (Continued)**

### **Hagwood Commercial Developers Private Limited**

#### **Emphasis of matter (Continued)**

conducted an independent aeronautical study through an ex-AAI official and VHF Omnidirectional Radio Range (VOR) (an aircraft navigation system) analysis and assessment study from a reputed aviation consultant, the reports of which cleared the buildings from being a major obstacle to the flight path. The Company has obtained a stay on the demolition order by filing a writ petition with the Honorable High Court of Bombay (Nagpur Bench). Pending the outcome of proceedings and considering the aeronautical survey report, obstacle limitation study report and the legal opinion obtained by the Company, no adjustments have been made, in respect of any write down in the carrying value of inventories aggregating to Rs 23,760.50 lakhs, provision towards expected demolition cost, and interest payable to customers on cancellation of bookings, in the financial statements for the year ended 31 March 2020.

Our opinion is not modified in respect of this matter.

#### **Other Information**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





## **Independent Auditors' Report (*Continued*)**

### **Hagwood Commercial Developers Private Limited**

#### **Management's and Board of Directors' Responsibilities for the Financial Statements (Continued)**

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

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

#### **Auditors' Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.



## Hagwood Commercial Developers Private Limited

### Auditors' Responsibility for the Audit of the Financial Statements (Continued)

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act;
  - (e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
  - (f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".





**Independent Auditors' Report (Continued)**

**Hagwood Commercial Developers Private Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 34 to the financial statements;
- ii. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, we report that:

According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Mansi Pardiwalla**  
*Partner*

Membership No: 108511  
UDIN: 20108511AAAAEC1777

Mumbai  
8 July 2020



## Hagwood Commercial Developers Private Limited

### Annexure A to the Independent Auditors' Report- 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment property.
  - (b) The Company has regular programme of physical verification of its property, plant and equipment and investment property by which the property, plant and equipment and investment property are verified annually. In our opinion, the periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified its property, plant and equipment and investment properties during the year, and we are informed that no material discrepancies were noticed on such verification, and the same have been dealt with in the books of account.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 and 4 to the financial statements, are held in the name of the Company.
- (ii) The Company inventory includes construction work in progress accordingly the requirements under paragraph 3(ii) of the Order is not applicable for construction work in progress.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us and based on the audit procedures conducted by us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. In our opinion and according to the information and explanations given to us, in respect of investments made, the Company has complied with the provisions of Section 186 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.



## Hagwood Commercial Developers Private Limited

**Annexure A to the Independent Auditors' Report -31 March 2020**  
(Continued)

- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the activities carried out by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income tax, Goods and Service tax, Provident Fund, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Goods and Service tax, Cess, Provident Fund and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable except as stated below:

Name of the Statute	Nature of the Dues	Amount (in lakhs)	Period to which the amount relates	Due Date	Date of payment	Remarks
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	0.37	April 2019 to September 2019	Various	Not yet paid	The Company has made provision as per the Supreme Court Order.

- (b) According to the information and explanations given to us, there are no dues of Income-tax and Goods and Service tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and financial institution during the year. The Company has availed moratorium on repayment of loans and interest thereon from banks and financial institution based on the circular issued Reserve Bank of India and accordingly, repayment of dues from banks and financial institution falling due has not been considered for the moratorium period. The Company did not have any dues to debenture holders and loan or borrowings from government during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.





## Hagwood Commercial Developers Private Limited

### Annexure A to the Independent Auditors' Report -31 March 2020 (Continued)

- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during this period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



**Mansi Pardiwalla**

Partner

Membership No: 108511

UDIN: 20108511AAAAEC1777

Mumbai  
8 July 2020



## Hagwood Commercial Developers Private Limited

### Annexure B to the Independent Auditors' Report-31 March 2020

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

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

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Hagwood Commercial Developers Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with respect to financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement was established and maintained and whether such controls operated effectively in all material respects.



## Hagwood Commercial Developers Private Limited

### **Annexure B to the Independent Auditors' Report - 31 March 2020** **(Continued)**

#### **Auditors' Responsibility (Continued)**

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

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

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

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





## Hagwood Commercial Developers Private Limited

### **Annexure B to the Independent Auditors' Report - 31 March 2020** *(Continued)*

#### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Mansi Pardiwalla**

*Partner*

Membership No: 108511

UDIN: 20108511AAAAEC1777

Mumbai  
8 July 2020



# Hagwood Commercial Developers Private Limited

## Balance sheet

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

	Note	31 March 2020	31 March 2019
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	3	97.74	160.04
Investment property	4	8,752.00	8,752.00
Investment property under construction	5	3,060.99	2,819.87
Financial assets			
Investments	6	7,814.13	8,628.01
Other financial assets	7	80.81	43.98
Deferred tax assets (net)	8	3,007.64	2,791.61
Other non-current assets	9	1,004.23	663.88
		<u>23,817.54</u>	<u>23,859.39</u>
Current assets			
Inventories	10	27,727.66	17,386.41
Financial assets			
Investments	11	-	406.84
Cash and cash equivalents	12	15.87	11.32
Loans	13	4.05	1.35
Other financial assets	14	20.76	10.60
Other current assets	15	713.32	332.78
Total current assets		<u>28,481.66</u>	<u>18,149.30</u>
Total assets		<u>52,299.20</u>	<u>42,008.69</u>
<b>Equity and liabilities</b>			
Equity			
Equity share capital	16	1,541.50	1,541.50
Other equity	16.1	22,726.84	23,738.39
Total equity		<u>24,268.34</u>	<u>25,279.89</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	-	871.05
Other financial liabilities	18	-	269.38
Other non-current liabilities	19	-	5.66
Provisions	20	8.95	6.27
Total non-current liabilities		<u>8.95</u>	<u>1,152.36</u>
Current liabilities			
Financial liabilities			
Borrowings	21	3,885.50	341.55
Trade payables			
Total outstanding dues to micro enterprise and small enterprise (refer note 22)	22	3.07	2.16
Total outstanding dues to creditors other than micro enterprise and small enterprise	22	1,763.74	1,108.80
Other financial liabilities	23	2,365.50	1,184.96
Other current liabilities	24	19,985.77	12,913.17
Provisions	25	13.33	17.18
Current tax liabilities (net)	26	5.00	8.61
Total current liabilities		<u>28,021.91</u>	<u>15,576.43</u>
Total equity and liabilities		<u>52,299.20</u>	<u>42,008.69</u>
Significant accounting policies	2		
Notes to the financial statements	3 - 43		

The accompanying notes form an integral part of these financial statements.  
As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

*Mansi Pardiwalla*

Mansi Pardiwalla  
Partner  
Membership No: 108511

For and on behalf of the Board of Directors of  
Hagwood Commercial Developers Private Limited  
CIN : U45201MH2006PTC164110

*Sudhanshu Chaturvedi*  
Sudhanshu Chaturvedi  
Managing Director  
DIN 05151360

*Dipa Hakani*  
Dipa Hakani  
Director  
DIN 07155347



*Nidhi Chhaweharia*  
Nidhi Chhaweharia  
Company Secretary

Place : Mumbai  
Date : 8 July 2020

Place : Mumbai  
Date : 8 July 2020

# Hagwood Commercial Developers Private Limited

## Statement of profit and loss for the year ended 31 March 2020

(Currency : Indian Rupees in Lakhs)

	Note	31 March 2020	31 March 2019
<b>Income</b>			
Revenue from operations		-	-
Other income	27	32.41	38.54
<b>Total Income</b>		<u>32.41</u>	<u>38.54</u>
<b>Expenses</b>			
Cost of materials consumed	28	3,454.21	1,498.79
Changes in inventory of work-in-progress	28	(3,454.21)	(1,498.79)
Employee benefits expense	29	73.86	47.80
Finance costs	30	156.17	39.11
Depreciation expense	31	65.87	112.57
Other expenses	32	151.57	251.89
<b>Total Expenses</b>		<u>447.47</u>	<u>451.37</u>
<b>(Loss) before tax</b>		<u>(415.06)</u>	<u>(412.83)</u>
<b>Less : Tax expense:</b>			
Current tax		-	58.25
Short provision of earlier years		-	35.56
Deferred tax (credit) (including MAT credit entitlement Rs Nil (31 March 2019: Rs 35.11 lakhs)		(48.55)	(174.94)
<b>Total tax expenses</b>		<u>(48.55)</u>	<u>(81.13)</u>
<b>(Loss) for the year (A)</b>		<u>(366.51)</u>	<u>(331.70)</u>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>	35		
- Remeasurement of post employment benefit obligation		(0.59)	0.59
- (Loss)/ gain from investments in equity instruments measured at FVOCI		(813.88)	941.27
- Income tax effect on above		167.47	(209.65)
<b>Other comprehensive (loss)/ income for the year, net of tax (B)</b>		<u>(647.00)</u>	<u>732.21</u>
<b>Total comprehensive (loss)/ income for the year (A+B)</b>		<u>(1,013.51)</u>	<u>400.51</u>
<b>Earnings per equity share</b>	33		
(per equity share of nominal value Rs. 10 each)			
Basic and diluted (in Rs.)		<u>(2.38)</u>	<u>(2.15)</u>
<b>Significant accounting policies</b>	2		
<b>Notes to the financial statements</b>	3 - 43		

The accompanying notes form an integral part of these financial statements.  
As per our report of even date attached

For BSR & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

*M. Pardiwalla*

**Mansi Pardiwalla**  
Partner  
Membership No: 108511



For and on behalf of the Board of Directors of  
Hagwood Commercial Developers Private Limited  
CIN : U45201MH2006PTC164110

*Sudhanshu Chaturvedi*  
**Sudhanshu Chaturvedi**  
Managing Director  
DIN 05151360

*Dipa Hakani*  
**Dipa Hakani**  
Director  
DIN 07155347

*Nidhi Chhawehharia*  
**Nidhi Chhawehharia**  
Company Secretary

Place : Mumbai  
Date : 8 July 2020

Place : Mumbai  
Date : 8 July 2020

# Hagwood Commercial Developers Private Limited

## Statement of changes in equity for the year ended 31 March 2020

(Currency : Indian Rupees in Lakhs)

### A) Equity share capital

Particulars	Note	Number	Total
Equity shares of Rs. 10 each issued, subscribed and paid Balance as at the 1 April 2018	16	15,415,000	1,541.50
Changes in equity share capital for the year ended 31 March 2019		-	-
Balance as at the 31 March 2019		15,415,000	1,541.50
Changes in equity share capital for the year ended 31 March 2020		-	-
Balance as at the 31 March 2020		15,415,000	1,541.50

### B) Other equity

Particulars	Note	Reserves and surplus		Other comprehensive income		Equity Component	
		Securities premium reserve	Retained earnings	Gain / (loss) on fair value of investments	Gain / (loss) on fair value of defined benefit plans	on fair value of Corporate	Total
Balance as at the 1 April 2018	16.1	20,964.58	3,514.19	1,318.11	2.12	-	25,799.00
Add: Ind AS 115 adjustments (refer note 42)		-	(2,470.66)	-	-	-	(2,470.66)
Total comprehensive income for the year (net of Tax)		-	(331.70)	731.78	0.43	9.55	410.06
Balance as at the 31 March 2019		20,964.58	711.83	2,049.89	2.55	9.55	23,738.40
Total comprehensive income for the year (net of Tax)		-	(366.51)	(646.58)	(0.42)	1.96	(1,011.55)
Balance as at the 31 March 2020		20,964.58	345.32	1,403.31	2.13	11.51	22,726.85

Refer note 16.1 for nature and purpose of each reserve.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

*Mansi Pardiwalla*

Mansi Pardiwalla

Partner

Membership No: 108511

For and on behalf of the Board of Directors of  
Hagwood Commercial Developers Private Limited

CIN : U45201MH2006PTC164110



*Sudhanshu Chaturvedi*

Sudhanshu Chaturvedi

Managing Director

DIN 05151360

*Dipa Hakani*

Dipa Hakani

Director

DIN 07155347

*Nidhi Chawchharia*

Nidhi Chawchharia

Company Secretary

Place : Mumbai

Date : 8 July 2020

Place : Mumbai

Date : 8 July 2020



# Hagwood Commercial Developers Private Limited

## Statement of cash flows

for the year ended 31 March 2020

(Currency : Indian Rupees in Lakhs)

	31 March 2020	31 March 2019
<b>A. Cash flows from operating activities:</b>		
(Loss)/ profit before tax	(415.06)	(412.83)
Adjustments for:		
Depreciation expense	65.87	112.57
Interest expenses as per RERA order	122.20	-
Interest on car loan	1.89	3.47
Interest expenses on late payment of statutory dues	0.17	-
Ind AS 115 adjustment	-	(3,422.92)
Interest on financial liabilities carried at amortised cost	(24.09)	(20.85)
Interest expense on present value of retention money	25.69	20.82
Notional corporate guarantee expense	6.22	-
Remeasurement of defined benefit obligation	-	0.59
Interest income on fixed deposits	(0.86)	(0.85)
Dividend income on current investments	-	(16.84)
Gain on sale of Investment	(7.46)	-
<b>Operating cash flows before working capital changes</b>	<b>(225.43)</b>	<b>(3,736.84)</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) in inventories	(2,862.73)	(11,069.64)
Decrease in trade receivables	-	1,617.42
(Increase) in other financial assets	(36.83)	(3.76)
(Increase) in other assets	(725.15)	(491.82)
(Decrease) / increase in provisions	(1.76)	3.03
Increase in other financial liabilities	299.54	66.60
Increase in other liabilities	150.67	11,940.31
Increase / (decrease) in trade payables	533.65	(35.74)
<b>Cash flows (used in) operations</b>	<b>(2,868.04)</b>	<b>(1,710.45)</b>
Direct taxes paid (net of refunds received)	(3.61)	(83.63)
<b>Net cash flows (used in) operating activities (A)</b>	<b>(2,871.65)</b>	<b>(1,794.08)</b>
<b>B. Cash flows from investing activities:</b>		
Payments for property, plant and equipment	(3.58)	-
Expenditure incurred on investment property under construction	(241.12)	(190.09)
(Loan given) / repayment of loans given	(2.70)	95.05
Sale / (Purchase) of Investments	406.84	(406.84)
Gain on sale of Investment	7.46	-
Interest income on fixed deposits	0.86	0.85
Investment in bank deposit	(10.16)	-
Dividend received	-	16.84
<b>Net cash flows generated from / (used in) investing activities (B)</b>	<b>157.60</b>	<b>(484.19)</b>
<b>C. Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	500.00	2,000.00
Repayment of long-term borrowings	(785.12)	(122.83)
Proceeds from short-term borrowings	3,559.92	377.01
Interest paid	(538.17)	-
Interest on case loan and on delayed payment of taxes back	(2.06)	(3.47)
Repayment of short-term borrowings	(15.97)	(35.46)
<b>Net cash flows generated from financing activities (C)</b>	<b>2,718.60</b>	<b>2,215.25</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>4.55</b>	<b>(63.02)</b>
Cash and cash equivalents at the beginning of the year	11.32	74.34
<b>Cash and cash equivalents at the end of the year</b>	<b>15.87</b>	<b>11.32</b>

The Statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('Ind AS 7') on Cash Flow Statement prescribed in Companies (Indian Accounting Standard) Rules, 2015, notified under section 133 of the Companies Act, 2013.

The amendments to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendments.

### Components of cash and cash equivalents considered only for the purpose of Statement of cash flows

Cash in hand	4.10	1.63
In bank- current accounts	11.77	9.69
	<b>15.87</b>	<b>11.32</b>



# Hagwood Commercial Developers Private Limited

Statement of cash flows (Continued)  
for the year ended 31 March 2020

(Currency : Indian Rupees in Lakhs)

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Particulars	31 March 2019	Cash flows	Non-cash changes		31 March 2020
			Fair value changes	Current / Non - current classification	
Long-term borrowings (refer note 17)	871.05	(285.12)	-	(585.93)	-
Short-term borrowings (refer note 21)	341.55	3,559.92	-	-	3,901.47
Other financial liabilities (refer note 23)	1,061.10	-	-	585.93	1,647.03
<b>Total liabilities from financing activities</b>	<b>2,273.70</b>	<b>3,274.80</b>	<b>-</b>	<b>-</b>	<b>5,548.50</b>

Particulars	31 March 2018	Cash flows	Non-cash changes		31 March 2019
			Fair value changes	Current / Non - current classification	
Long-term borrowings (refer note 17)	32.95	1,877.17	-	(1,039.07)	871.05
Short-term borrowings (refer note 21)	-	341.55	-	-	341.55
Other financial liabilities (refer note 23)	22.03	-	-	1,039.07	1,061.10
<b>Total liabilities from financing activities</b>	<b>54.98</b>	<b>2,218.72</b>	<b>-</b>	<b>-</b>	<b>2,273.70</b>

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

*Mansipardiwalla*

Mansi Pardiwalla  
Partner  
Membership No: 108511



For and on behalf of the Board of Directors of  
Hagwood Commercial Developers Private Limited  
CIN : U45201MH2006PTC164110

*Sudhanshu Chaturvedi*  
Sudhanshu Chaturvedi  
Managing Director  
DIN 05151360

*Deepa Hakani*  
Deepa Hakani  
Director  
DIN 07155347

*Nidhi Chhawchharia*  
Nidhi Chhawchharia  
Company Secretary

Place : Mumbai  
Date : 8 July 2020

Place : Mumbai  
Date : 8 July 2020



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 1. Corporate information

Hagwood Commercial Developers Private Limited (the Company) is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of developing, owning and operating of shopping malls, commercial and residential premises.

### 2.1 Basis of preparation

#### (a) Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act and amendments, as applicable.

This is the first set of the Company's financial statements in which Ind AS 116 Lease, has been applied. Changes to significant accounting policies are described in note 2.2 (H) & note 2.2 (N). There is no impact on financials due to change in accounting policy w.e.f 1<sup>st</sup> April 2019.

These financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 8 July 2020.

Details of accounting policies are included in Note 2.2 to the financial statements.

#### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value (refer note 2.2 (A))
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined obligations

#### (c) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All the financial information have been presented in Indian Rupees (INR) and all amounts have been rounded-off to the nearest lakhs, unless otherwise stated.



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.1 Basis of preparation (Continued)

#### (d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 8 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 35 - measurement of defined benefit obligations: key actuarial assumptions;
- Notes 20, 25 and 34 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 40 - impairment of financial assets and
- Note 2.2 (B) and 2.2 (C) - estimation of useful life of property, plant and equipment and investment properties.
- Note 2.2 (G) and 42- Evaluation of satisfaction of performance obligation at a point in time for the purpose of revenue recognition.

#### (e) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

#### (f) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.1 Basis of preparation (Continued)

#### (f) Measurement of fair values (Continued)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the followings:

- Note 40 – financial instruments and
- Note 4 – investment property

#### (g) Current and non-current classification

All assets and liabilities are classified into current and non-current.

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

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

All other assets are classified as non-current.

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

- it is expected to be settled in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the balance sheet date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.1 Basis of preparation (Continued)

#### (g) Current and non-current classification (Continued)

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### (h) Going concern

The Company is engaged in the business of mixed used development at Nagpur. Based on the future business plans and cash flows of the Company, and the financial support from the fellow subsidiaries and ultimate holding company of the Company, the management believes that the Company, as at 31 March 2020, will continue to operate as a going concern for the foreseeable future, realise its assets and discharge its liabilities as they fall due for payment, in the normal course of business.

### 2.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### A. Financial instruments

##### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

##### (ii) Classification and subsequent measurement

###### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### A. Financial instruments (Continued)

##### (ii) Classification and subsequent measurement (Continued)

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company has elected the irrevocable option to present subsequent changes in the investment's fair value in OCI (designates as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company has irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces on accounting mismatch that would otherwise arise.

##### *Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profit, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### A. Financial instruments (Continued)

##### (ii) Classification and subsequent measurement (Continued)

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### A. Financial instruments (Continued)

##### (ii) Classification and subsequent measurement (Continued)

acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### *Financial assets: Subsequent measurement and gains and losses*

**Financial assets at FVTPL-** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost-** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Debt investments at FVOCI-** These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI -** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

##### *Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### A. Financial instruments (Continued)

##### (iii) Derecognition

###### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

###### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

##### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### B. Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### B. Property, plant and equipment (Continued)

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### (iii) Depreciation

Depreciation on Property, Plant and Equipment of the company has been provided as per written down value method as per the estimated useful lives of the respective item of Property, Plant and Equipment indicated in Part 'C' of Schedule II of the Act.

The details are set out as below:

Asset	Useful life as per Schedule II
Furniture and fixtures	10 years
Motor vehicles	8 years
Computers	3 years
Office equipments	5 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represent the period over which management expects to use these assets.

##### (iv) Capital work-in progress and capital advances

Capital work-in progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as 'Other non-current assets'.





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### C. Investment Property

##### (i) Recognition and measurement

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

##### (ii) Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred. Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the item is recognized in Statement of Profit and Loss.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the note no 4 of the Financial statements.

##### (iii) Depreciation

Depreciation on Investment Property has been provided as per written down value method as per the useful lives indicated in Part 'C' of Schedule II of the Act or based on management estimates using technical evaluation.

The details are set out as below:

Asset category	Useful life estimated by the management	Useful life as per Schedule II of the Act
Building	5 years	60 years





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### D. Impairment

##### (i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortized cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

##### Trade and other receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected, etc. and expectations about future cash flows.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### D. Impairment

##### (i) Impairment of financial instruments (Continued)

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

##### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

##### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

##### *Write off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

##### (ii) Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### D. Impairment (Continued)

##### (ii) Impairment of non-financial assets (Continued)

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### E. Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### (ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### E. Employee benefits (Continued)

##### (ii) Defined contribution plans (Continued)

Defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### (iv) Other long-term employee benefits

The Company net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### E. Employee benefits (Continued)

##### (iv) Other long-term employee benefits (Continued)

obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

#### F. Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed in the notes. Contingent liabilities are disclosed for,

- (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the standalone financial statements. However, the same are disclosed in the standalone financial statements where an inflow of economic benefit is probable.

#### G. Revenue recognition

Ind AS 115 has been notified by Ministry of Corporate Affairs (MCA) on March 28, 2018 and is effective from accounting period beginning on or after April 01, 2018.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### (i) Revenue from operations

The Company has applied modified retrospective approach in adopting the new standard (for all contracts other than completed contracts) and accordingly recognised revenue in accordance with Ind AS 115 as compared to earlier Percentage of Completion method as per the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable).







# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### G. Revenue recognition (Continued)

##### Use of significant judgements in revenue recognition

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### H. Leases

##### (i) Policy applicable before April 01, 2019

Finance Lease - Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Operating Lease - Agreements which are not classified as finance leases are considered as operating lease.

Operating lease payments/income are recognised as an expense/income in the statement of profit and loss on a straight line basis over the lease term unless there is another systematic basis which is more representative

##### (ii) Policy applicable after April 01, 2019

At the inception of a contract, the Company assesses whether a contract is or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an asset the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capability of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used.



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.3 Significant accounting policies (Continued)

#### H. Leases(Continued)

##### As a Lessee

##### Right of use Asset

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. At the commencement date, a lessee shall measure the right-of-use asset at cost which comprises initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

##### Lease Liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

#### I. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset that have become credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### J. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

##### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable respectively that the related tax benefit will be realised.



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (*Continued*)

#### *J. Income tax (Continued)*

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax assets and liabilities will be realised simultaneously.

Minimum Alternate Tax ('MAT') credit entitlement is generally recognised as a deferred tax asset if it is probable (more likely than not) that MAT credit can be used in future years to reduce the regular tax liability. However, since company has opted for new tax regime hence entire available MAT credit is charged Profit and loss in current year.

#### Section 115BAA

A new Section 115BAA was inserted in the Income Tax Act, 1961, by The Government of India on September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019 which provides an option to companies for paying income tax at reduced rates in accordance with the provisions/conditions defined in the said section.

#### *K. Borrowing cost*

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### *L. Foreign exchange translation and accounting of foreign exchange transaction*

##### *(i) Initial Recognition*

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximates the actual rate at the date of the transactions.





# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (*Continued*)

#### *L. Foreign exchange translation and accounting of foreign exchange transaction (Continued)*

##### *(ii) Conversion*

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

##### *(iii) Treatment of Exchange Difference*

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

#### *M. Earnings per share*

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

#### *N. Cash and cash equivalents*

Cash and cash equivalent comprise of cash on hand and at banks and cheques on hand, which are subject to an insignificant risk of changes in value.

#### *O. Changes in significant accounting policy*

The Company has applied Ind AS 115 "Revenue from contracts with customer" using the modified retrospective approach with the cumulative impact to the retained earnings as on 1 April 2018 and accordingly recognised revenue in accordance with Ind AS 115 as disclosed in Note no 42 to the financial statements.

The Company has applied IND AS 116 Leases using the modified retrospective approach (for all leases other than short-term leases and leases of low-value assets) i.e. by recognising the cumulative effect of initially applying IND AS 116 as an adjustment to the opening balance of equity as at April 01, 2019. Due to the transition method chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated and continues to be reported under IND AS 17.

IND AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature



# Hagwood Commercial Developers Private Limited

## Notes to the Financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

### 2.2 Significant accounting policies (Continued)

#### O. Changes in significant accounting policy (Continued)

of expenses related to those leases will change as IND AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. Since there was no such lease arrangement, this change has not resulted into any impact on financials.





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 3 : Property, plant and equipment

Particulars	Furniture and Fixtures	Building	Computers	Vehicles	Office Equipment	Total
<b>Gross Block:</b>						
Balance as at 1 April 2018	2.57	288.37	1.91	102.04	0.08	394.97
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 31 March 2019	2.57	288.37	1.91	102.04	0.08	394.97
Additions	-	-	2.04	-	1.54	3.58
Disposals	-	-	-	-	-	-
Balance as at 31 March 2020	2.57	288.37	3.95	102.04	1.62	398.55
<b>Accumulated depreciation</b>						
Balance as at 1 April 2018	1.24	97.53	1.40	22.15	0.05	122.37
Depreciation for the year	1.33	86.01	0.32	24.89	0.03	112.57
Disposals	-	-	-	-	-	-
Balance as at 31 March 2019	2.57	183.54	1.72	47.04	0.08	234.94
Depreciation for the year	-	47.37	1.05	17.18	0.27	65.87
Disposals	-	-	-	-	-	-
Balance as at 31 March 2020	2.57	230.91	2.77	64.22	0.35	300.81
<b>Net Block:</b>						
At 31 March 2019	-	104.83	0.19	55.00	-	160.04
At 31 March 2020	-	57.46	1.19	37.82	1.27	97.74



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 4 : Investment property

#### A. Reconciliation of carrying amount

Particulars	Freehold Land	Total
<b>Gross carrying amount:</b>		
Carrying amount as at 1 April 2018	8,752.00	8,752.00
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	8,752.00	8,752.00
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	8,752.00	8,752.00
<b>Accumulated depreciation</b>		
Depreciation for the year	-	-
Balance as at 31 March 2019	-	-
Depreciation for the year	-	-
Balance as at 31 March 2020	-	-
<b>Carrying amounts (net)</b>		
At 31 March 2019	8,752.00	8,752.00
At 31 March 2020	8,752.00	8,752.00
<b>Fair Value</b>		
At 31 March 2019		39,558.09
At 31 March 2020		30,825.43





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### B. Measurement of fair values

#### i. Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

#### ii. Valuation technique

The companies investment properties consist of Land at Nagpur. Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment property	DCF method (refer below)	1). Discount Rate; 2) Market capitalisation rate	18.25% to 18.75%; 10%

The Company follows discounted cash flow (DCF) method. The DCF method is a financial modelling technique based on explicit assumptions regarding the prospective income arising out of the development to be carried out on the subject land parcel. In case of a valuation of a large land parcel like the subject property, where the development potential is realised over a period of time (i.e. time value of money comes into the picture) and also where there are no or few immediate similar properties (i.e. comparable) available for comparison, the DCF method considering relevant potential developments of the project is used.



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### C. Amount recognised in profit and loss for investment properties

	31 March 2020	31 March 2019
Rental income	-	-
Less: direct operating expenses from property that generated rental	-	-
Less: direct operating expenses from property that did not generate rental income	-	-
<b>Profit from investment properties before depreciation</b>	-	-
Depreciation	-	-
<b>Profit from investment properties</b>	-	-

D. The Company has no restriction on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 5 : Investment property under construction

The Company is planning a retail centric mixed used development project at Nagpur. The expenditure incurred during this period is classified as "Investment Property - Under Construction" and will be apportioned to the asset on the completion of the project.

	31 March 2020	31 March 2019
<b>Opening balance</b>	<b>2,819.87</b>	<b>2,629.78</b>
<b>Addition during the year</b>		
Site development expenses	-	1.50
Rates and taxes	-	42.11
<u>Administrative and others expenses</u>		
Professional fees and consultancy expenses	2.25	22.15
Management consultancy fees	238.87	97.87
Employee benefits expense	-	26.46
<b>Closing balance</b>	<b>3,060.99</b>	<b>2,819.87</b>



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 6 : Investments

#### Non-current investments

	31 March 2020		31 March 2019	
	Nos	Amount in Rs.	Nos	Amount in Rs.
Face value of Rs 10 each, fully paid up				
Unquoted				
Investments in 1% Non-Cumulative, Compulsory Convertible Preference Shares valued at fair value through other comprehensive income (FVOCI)				
Alliance Mall Developers Co Private Limited, Fellow Subsidiary	68,900,000	7,814.13	68,900,000	8,628.01
<b>Total non-current investments</b>		<b>7,814.13</b>		<b>8,628.01</b>

Particulars	31 March 2020	31 March 2019
<b>Details:</b>		
<b>Aggregate of non-current investments:</b>		
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	7,814.13	8,628.01
Aggregate amount of impairment in value of investments	-	-





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 7 : Other financial assets

(Unsecured, considered good, unless otherwise stated)

To other than related party

Security deposit

80.81 43.98

Mobilisation advances

Considered doubtful

412.00 412.00

Less : Provision for expected credit loss

(412.00) (412.00)

**Total other financial assets**

**80.81 43.98**

### Note 8 : Deferred tax assets (net)

Tax effect of items constituting deferred tax assets:

Difference in depreciation in block of fixed assets as per Income-tax Act, 1961 and depreciation allowable under books

55.50 42.87

Indexation of freehold land

2,283.04 2,090.96

Provision for expenses disallowed under Section 43B of Income-tax Act, 1961

4.18 3.59

On reversal of revenue and cost of residential project as per Ind AS 115

861.48 952.26

Provision for expected credit loss on financial assets

308.26 340.74

Notional expense on Corporate Guarantee provided by Holding Company

1.97 -

Tax effect of items constituting deferred tax (liabilities):

Retention money payable

(0.20) -

Investments in equity instruments measured at FVOCI

(506.59) (673.91)

**3,007.64 2,756.50**

MAT credit entitlement

- 35.11

**Total Deferred tax assets (net)**

**3,007.64 2,791.61**

### Note 9 : Other non-current assets

(Unsecured, considered good)

To related parties

Deferred guarantee expense on corporate guarantee given by Ultimate Holding Company, Prozone Intu Properties Limited

- 4.55

To parties other than related parties

Goods and services tax (GST) input credit

1,004.23 659.33

**Total Other non-current assets**

**1,004.23 663.88**

### Note 10 : Inventories

(valued at cost or net realisable value, whichever is lower)

Work in progress - residential project (Refer note 28)

27,727.66 17,386.41

**Total Inventories**

**27,727.66 17,386.41**



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 11 : Investments

#### Current investments

Particulars	31 March 2020		31 March 2019	
	Nos	Amount in Rs.	Nos	Amount in Rs.
Unquoted				
Investments valued at fair value through profit and loss (FVTPL), fully paid up				
Reliance Liquid Fund	-	-	8,962.70	406.84
<b>Total current investments</b>	-	-	8,962.70	406.84

Particulars	31 March 2020	31 March 2019
<b>Details:</b>		
<b>Aggregate of non-current investments:</b>		
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	-	406.84
Aggregate amount of impairment in value of investments	-	-





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 12 : Cash and cash equivalents

Balances with Banks:

- in current accounts

11.77 9.69

Cash on hand

4.10 1.63

**Total cash and cash equivalents**

**15.87 11.32**

### Note 13 : Loans

(Unsecured, considered good, unless otherwise stated)

To parties other than related parties

Advance to staff

4.05 1.35

**Total Loans**

**4.05 1.35**

### Note 14 : Other financial assets

To other than related parties

(Unsecured and considered good)

Bank deposits (due to mature within 12 months of the reporting date) \*

20.76 10.60

**Total other financial assets**

**20.76 10.60**

\* Bank Deposits are kept against bank guarantee given to Nagpur pollution control board.

### Note 15 : Other current assets

To related parties

(Unsecured and considered good)

Deferred guarantee expense on corporate guarantee given by Ultimate Holding Company, Prozone Intu Properties Limited

3.70 3.41

To parties other than related parties

Prepaid expense

0.80 2.25

Advance to vendors

471.28 142.90

Subvention and brokerage charges

237.54 184.22

**Total other current assets**

**713.32 332.78**



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 16 : Equity share capital

Particulars	31 March 2020	31 March 2019
<b>Authorised share capital</b>		
160 lakhs (31 March 2019: 160 lakhs) equity shares of Rs 10 each	1,600.00	1,600.00
<b>Issued, subscribed and fully paid up</b>		
154.15 lakhs (31 March 2019: 154.15 lakhs) equity shares of Rs 10 each, fully paid up	1,541.50	1,541.50
<b>Total issued, subscribed and paid-up equity share capital</b>	<b>1,541.50</b>	<b>1,541.50</b>

#### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	31 March 2020		31 March 2019	
	No. in lakhs	Rs in lakhs	No. in lakhs	Rs in lakhs
<b>Equity Shares</b>				
At the beginning of the year	154.15	1,541.50	154.15	1,541.50
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>154.15</b>	<b>1,541.50</b>	<b>154.15</b>	<b>1,541.50</b>

#### b) Rights, preferences and restriction attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c) Shares held by holding Company

Particulars	31 March 2020		31 March 2019	
	No. in lakhs	Rs in lakhs	No. in lakhs	Rs in lakhs
Prozone Liberty International Limited, Singapore, Holding company	94.80	948.00	94.80	948.00

#### d) Details of Shareholders holding more than 5% shares in the Company:

Particulars	31 March 2020		31 March 2019	
	No. in lakhs	% holding	No. in lakhs	% holding
Prozone Liberty International Limited, Singapore	94.80	61.50%	94.80	61.50%
Triangle Real Estate India Investments Limited	53.95	35.00%	53.95	35.00%





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 16.1 : Other equity

Particulars	31 March 2020	31 March 2019
<b>Securities premium</b>		
Opening balance	20,964.58	20,964.58
Add: Addition during the year	-	-
Closing balance (refer sub-note 1)	20,964.58	20,964.58
<b>Retained earnings</b>		
Opening balance	711.82	3,514.18
Add: Ind AS 115 adjustments (refer note 42 )	-	(2,470.66)
Add: (Loss) for the year	(366.51)	(331.70)
Closing balance (refer sub-note 2)	345.31	711.82
<b>Other Comprehensive Income</b>		
Opening balance	2.55	2.12
Add: Gain/ (loss) on fair value of defined benefit plans	(0.42)	0.43
Closing balance	2.13	2.55
<b>Gain on fair value of investments</b>		
Opening balance	2,049.89	1,318.11
Add: addition/ (reduction) for the year	(646.58)	731.78
Closing balance	1,403.31	2,049.89
<b>Equity Component on fair value of Corporate Guarantee given by Parent</b>		
Opening balance	9.55	-
Add: addition for the year	1.96	9.55
Closing balance	11.51	9.55
<b>Total Other equity</b>	<b>22,726.84</b>	<b>23,738.39</b>

### Sub-note:

- Securities premium is received pursuant to the further issue of shares/ debentures at a premium net of the share / debenture issue expenses. This is a non-distributable reserve except for the following instances where the the share premium account may be applied;
  - towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
  - for the purchase of its own shares or other securities;
  - in writing off the preliminary expenses of the Company;
  - in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and
  - in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
- Retained earnings represents the accumulated profits earned / losses incurred by the Company .



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 17 : Borrowings

(Secured)

Term Loan from Financial Institution	1,680.56	1,990.68
Less : Debt syndication fees	47.23	91.67
	<u>1,633.33</u>	<u>1,899.01</u>
Hire Purchase Loans	13.71	33.14
Less: Current maturities of long term debt (disclosed under other financial liabilities) (refer note 23)	1,647.03	1,061.10
<b>Total Borrowings</b>	<u>-</u>	<u>871.05</u>

### Notes:

i) Hire Purchase Loan amounting to Rs 13.71 lakhs (31 March 2019 : Rs 33.14 lakhs) in respect of vehicle which is secured by hypothecation of vehicle financed by NBFC. The loan carry interest @ 7.75% p.a. The loan is repayable in 37 equal instalments starting from 5th November, 2017.

ii) Rs. 1680.56 lakhs (31 March 2019: Rs.1990.68 lakhs ) loan from Financial Institution presently carrying interest @ 13.00 % (previous year 12.70%) (floating rate). The loan is repayable in 12 monthly instalment starting from November 2019. The loan is secured by land admeasuring 18,652 square meters and building thereon. The above loans are further secured by corporate guarantee of the Ultimate Holding Company Prozone Intu Properties Limited and hypothecation of sold and unsold receivables from the residential project of the Company.

As per RBI's Policy, the Company has availed the relief provided by financial institution by way of moratorium on principal and interest repayments on the loans taken from banks and financial institutions and thus the repayment schedule has been modified accordingly.

The Company's exposure to interest rate and liquidity risks are disclosed in note 40 to the financial statements.

### Note 18 : Other financial liabilities

Retention money payable	330.23	300.09
Less: Amortisation	(75.78)	(73.72)
Add: Interest	68.70	43.01
Less: Transfer to current liability	(323.15)	-
<b>Other financial liabilities</b>	<u>-</u>	<u>269.38</u>

### Note 19 : Other non-current liabilities

Deferred portion of financial liabilities carried at amortised cost	0.05	5.66
<b>Total Other non-current liabilities</b>	<u>-</u>	<u>5.66</u>

### Note 20 : Provisions

Provision for employee benefits (refer note 35)

- provision for gratuity	8.95	6.27
<b>Total Provisions</b>	<u>8.95</u>	<u>6.27</u>





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 21 : Borrowings

Unsecured loan from ultimate Holding Company, Prozone Intu Properties Limited*	367.75	341.55
Unsecured loan from fellow subsidiary company, Empire Mall Private Limited **	3,517.75	-
<b>Total Borrowings</b>	<b>3,885.50</b>	<b>341.55</b>

\*Repayable on demand carries interest rate @ 8.50% p.a. (previous year 8.5% p.a.)

\*\*Repayable on demand carries interest rate @ 10.60% p.a. (previous year Nil)

### Note 22 : Trade payables

- Total outstanding dues of micro enterprises and small enterprises (refer note below)	3.07	2.16
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,763.74	1,108.80
<b>Total Trade payables</b>	<b>1,766.81</b>	<b>1,110.96</b>

Micro and small enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	31 March 2020	31 March 2019
Principal amount remaining unpaid to any supplier as at the end of each accounting year;	2.90	2.16
Interest due thereon to any supplier as at the end of each accounting year;	-	-
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	0.17	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### Note 23 : Other financial liabilities

Retention money payable	654.00	51.58
Current maturities of long-term debt (refer note 17)	1,647.03	1,061.10
Lease deposits from prospective tenants	64.47	72.28



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 24 : Other current liabilities

Current portion on amortisation of financial liabilities	6.24	22.66
Advance from customers / realisation under agreement to sell	19,951.45	12,822.73
Statutory dues payable		
- Tax deducted at source payable	25.16	17.09
- Professional tax payable	0.38	-
- Provident fund payable	1.21	0.43
- VAT/CST	-	50.06
- MLWF payable	0.04	0.03
- CGST/SGST payable	1.29	0.18
<b>Total Other current liabilities</b>	<b>19,985.77</b>	<b>12,913.17</b>

### Note 25 : Provisions

Provision for employee benefits (Refer note 35)		
- provision for gratuity	2.05	1.81
- provision for compensated absences	5.60	4.95
- provision for bonus and retention	5.68	10.42
<b>Total Provisions</b>	<b>13.33</b>	<b>17.18</b>



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 26 : Current tax liabilities (net)

#### (a) Amount recognised in the statement of profit and loss

Particulars	31 March 2020	31 March 2019
<b>Current tax expense (A)</b>		
Current year	-	58.25
Short provision of earlier years	-	35.56
<b>Deferred tax expense (B)</b>		
Origination and reversal of temporary differences	(48.55)	(174.94)
<b>Tax expense recognised in the income statement (A+B)</b>	<b>(48.55)</b>	<b>(81.12)</b>

A new section 115BAA was inserted in the Income Tax Act, 1961, by The Government of India on 20 September 2019 vide the Taxation Laws (Amendment) Ordinance 2019 which provides an option to companies for paying income tax at reduced rates in accordance with the provisions/conditions defined in the said section. The Company has decided to exercise the said option.

#### (b) Amounts recognised in other comprehensive income

Particulars	31 March 2020			31 March 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Gains from investments in equity instruments measured at FVOCI	(813.88)	167.31	(646.58)	941.27	(209.49)	731.78
Remeasurement of post employment benefit obligation	(0.59)	0.17	(0.43)	0.59	(0.16)	0.43
	<b>(814.47)</b>	<b>167.47</b>	<b>(647.00)</b>	<b>941.86</b>	<b>(209.65)</b>	<b>732.21</b>

#### (c) Reconciliation of effective tax rate

Particulars	31 March 2020	31 March 2019
<b>Profit before tax</b>	<b>(366.51)</b>	<b>(331.70)</b>
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 27.82%)	(92.24)	(92.28)
<b>Tax effect of :</b>		
Effect of income which is exempt from taxation	-	(4.68)
Effect of expenses that is non-deductible in determining taxable profit	0.38	0.56
Effect of indexation benefit on land	-	(134.39)
Effect on deferred tax due to change in rate	32.46	(3.01)
MAT credit entitlement	-	58.25
Tax of earlier years	-	35.56
Others	10.85	58.87
<b>Tax expense as per statement of profit and loss</b>	<b>(48.55)</b>	<b>(81.12)</b>
<b>Effective tax rate</b>	<b>13.25%</b>	<b>24.46%</b>

Particulars	31 March 2020	31 March 2019
Provision for tax (net of advance tax including tax deducted at source Rs 245.98 lakhs (31 March 2019: Rs 242.37 lakhs)	5.00	8.61
<b>Total Current tax liabilities (net)</b>	<b>5.00</b>	<b>8.61</b>





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### (d) Movement in deferred tax balances

	Net balances at 1 April 2019	Recognised in the statement of profit and loss	Adjustment on opening reserves	Recognised in OCI	Balance at 31 March 2020		
					Net	Deferred tax asset	Deferred tax Liability
Property, Plant and Equipment	42.87	12.63	-	-	55.50	55.50	-
Investment Property	2,090.96	192.08	-	-	2,283.04	2,283.04	-
Investments	(673.91)	-	-	167.32	(506.59)	-	506.59
Ind AS 115 impact	952.26	(90.78)	-	-	861.48	861.48	-
Retention money payable	-	(0.20)	-	-	(0.20)	-	0.20
Notional expense on Corporate Guarantee provided b	-	1.97	-	-	1.97	1.97	-
Loans and other financial assets	340.74	(32.48)	-	-	308.26	308.26	-
Provisions	3.59	0.44	-	0.15	4.18	4.18	-
MAT credit entitlement	35.11	(35.11)	-	-	-	-	-
Tax assets (liabilities) before set-off	2,791.61	48.55	-	167.47	3,007.64	3,514.43	506.79
Set-off of deferred tax liabilities						(506.79)	
Net deferred tax assets/ (liabilities)						3,007.63	

	Net balances at 1 April 2018	Recognised in the statement of profit and loss	Adjustment on opening reserves	Recognised in OCI	Balance at 31 March 2019		
					Net	Deferred tax asset	Deferred tax Liability
Property, Plant and Equipment	27.59	15.27	-	-	42.87	42.87	-
Investment Property	1,956.56	134.40	-	-	2,090.96	2,090.96	-
Investments	(459.96)	-	-	(213.96)	(673.91)	-	673.91
Ind AS 115 impact	-	-	952.26	-	952.26	952.26	-
Loans and other financial assets	311.06	29.69	-	-	340.74	340.74	-
Provisions	3.71	(4.42)	-	4.30	3.59	3.59	-
MAT credit entitlement	93.36	-	-	-	35.11	35.11	-
Tax assets (liabilities) before set-off	1,932.32	174.94	952.26	(209.65)	2,791.61	3,465.53	673.91
Set-off of deferred tax liabilities						(673.91)	
Net deferred tax assets/ (liabilities)						2,791.61	

### (e) Unrecognised deferred tax assets

Deferred tax have not been recognised in respect of the following items :

Particulars	Expiry	31 March 2020	31 March 2019
Unrecognised tax losses carried forward	AY 2028-29	1,608.30	-
Tax effect of unrecognised tax losses carried forward		404.78	-



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

31 March 2020 31 March 2019

### Note 27 : Other income

Interest income		
- on fixed deposits	0.86	0.85
- on financial liabilities carried at amortised cost	24.09	20.85
Dividend income on current investments	-	16.84
Gain on sale of investments	7.46	-
<b>Total Other income</b>	<b>32.41</b>	<b>38.54</b>

### Note 28 : Cost of materials consumed

Opening work in progress - residential project	17,386.41	6,316.77
Add:		
Construction cost	2,574.20	1,276.18
Personnel cost	54.92	55.09
Professional fees	193.56	194.76
Borrowing cost	538.17	125.59
Other expenses	93.36	31.39
Addition on account of significant finance component under Ind AS 115	6,940.35	-
Cost reversal due to reversal of revenue as per Ind AS 115 (refer note 42 )	-	9,570.85
	<b>27,780.97</b>	<b>17,570.63</b>
Less:		
Subvention and brokerage charges transfer to other current assets	53.31	184.22
Closing work in progress - residential project	<b>27,727.66</b>	<b>17,386.41</b>
<b>Total Cost of residential project</b>	<b>-</b>	<b>-</b>



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 29 : Employee benefits expense

Salaries, wages and bonus	68.54	44.47
Expenses related to post-employment defined benefit plans (refer note 35)	2.33	2.10
Contribution to provident fund and other funds	2.18	1.22
Expenses related to compensated absences (refer note 35)	0.81	0.01
<b>Total Employee benefits expense</b>	<b>73.86</b>	<b>47.80</b>

### Note 30 : Finance costs

Interest on car loan	1.89	3.47
<i>Other borrowing costs:</i>		
Interest expenses on late payment of statutory dues	0.17	-
Interest expenses as per RERA order	122.20	-
Notional corporate guarantee expense	6.22	1.59
Processing fees	-	13.23
Interest expense on present value of retention money	25.69	20.82
<b>Total</b>	<b>156.17</b>	<b>39.11</b>

### Note 31 : Depreciation expense

Depreciation on tangible assets	65.87	112.57
<b>Total Depreciation expense</b>	<b>65.87</b>	<b>112.57</b>

### Note 32 : Other expenses

Advertisement, business and sales promotion expenses	28.51	17.87
Electricity charges	0.48	4.68
Repairs and maintenance	0.16	1.36
Office expenses	13.55	11.50
Communication expenses	1.18	1.21
Travelling expenses	9.83	9.13
Directors sitting fees	2.50	3.00
Professional fees	22.23	27.70
Payment to auditors' (refer note 32(a) below)	9.00	9.00
Management consultancy fees	53.62	63.62
Provision for expected credit loss	-	95.86
Miscellaneous expenses	10.51	6.96
<b>Total Other expenses</b>	<b>151.57</b>	<b>251.89</b>

### Note 32(a) : Payment to auditors

- Statutory audit	9.00	9.00
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# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

Note 34 : Contingent liabilities and commitments are given below:

### A) Commitments

- i) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 824.66 lakhs (31 March 2019 : Rs. 3,299 lakhs).

### B) Contingent liabilities

- i) Guarantee given by bank on behalf of the Company Rs. 20 Lakhs (31 March 2019 : Rs. 10 lakhs).
- ii) Disputed demands in respect of Income-tax:

Assessment Year	31 March 2020	31 March 2019
2012-13	-	4.82
	-	4.82

### iii) Litigation pending against the company under MahaRERA authority and courts:

Estimated liability on account of interest till 31 March 2020 is Rs 101.46 lakhs (31 March 2019 : Rs. Nil).

- iv) "The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. In view of the management, the liability for the period from date of the SC order to 31 March 2020 has been provided in the books of account. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts."



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 35 : Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

#### A Defined benefit obligations and short-term compensated absences

##### i) Defined benefit plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

##### ii) Short-term compensated absences

27 days of privilege leave for staff is allowed each year. Unutilised leave can be carried forward to the extent of 42 days of leave. If the same not availed in calendar year then the same will be lapsed.

Particulars	Funded Plan	
	Gratuity	
	31 March 2020	31 March 2019
<b>a) Expenses recognised in the Statement of Profit and Loss</b>		
Current Service Cost	1.81	1.67
Past Service Cost	-	-
Interest Cost	0.52	0.44
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>2.33</b>	<b>2.10</b>
<b>b) Included in other Comprehensive Income</b>		
Actuarial changes arising from changes in financial assumptions	0.51	0.18
Actuarial changes arising from changes in demographic assumptions	(0.00)	-
Experience adjustments	0.05	0.38
Return on plan assets excluding amounts included in Interest Income	0.03	0.03
<b>Actuarial Loss recognized in OCI</b>	<b>0.59</b>	<b>0.59</b>
<b>c) Recognised in Balance Sheet</b>		
Present value of obligation as at the end of the year	11.65	8.68
Fair value of plan assets as at the end of the year	(0.65)	(0.60)
<b>Net Liability</b>	<b>11.00</b>	<b>8.08</b>
<b>Changes in defined benefit obligations</b>		
<b>d) Present value of obligation as at the beginning of the year</b>		
Defined Benefit Obligation ("PBO") at the beginning of the year	8.68	7.18
Service cost	1.81	1.67
Past Service Cost	-	-
Interest cost	0.59	0.52
Actuarial loss	0.56	0.56
Benefits paid	-	(1.24)
<b>Present value of obligation as at the end of the year</b>	<b>11.64</b>	<b>8.68</b>
<b>e) Change in fair value of assets</b>		
Fair value of plan assets at the beginning of the year	0.60	0.55
Interest Income	0.08	0.08
Return on plan assets excluding amounts included in interest income	(0.03)	(0.03)
Benefits paid	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>0.65</b>	<b>0.60</b>
<b>f) Reconciliation of net defined benefit liability</b>		
Net opening provision in books of accounts	8.08	6.63
Employee Benefit Expense	2.33	2.10
Amounts recognized in Other Comprehensive Income	0.59	0.59
Benefits Paid	-	(1.24)
<b>Closing provision in books of accounts</b>	<b>11.00</b>	<b>8.08</b>



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

Note 35 : Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

Particulars	Unfunded Plan	
	Compensated absences	
	31 March 2020	31 March 2019
a) Changes in defined benefit obligations		
Present value of obligation as at the beginning of the year		
Defined Benefit Obligation ("PBO") at the beginning of the year	4.95	4.60
Service cost	1.59	1.54
Interest cost	0.33	0.35
Actuarial (gain)	(1.11)	(1.53)
Liabilities transferred in / (out)	-	-
Benefits paid	(0.16)	-
Present value of obligation as at the end of the year	5.60	4.95
b) Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	1.59	1.54
Past Service Cost	-	-
Interest Cost	0.33	0.35
Actuarial (Gain) on Obligation	(1.11)	(1.53)
Total included in 'employee benefit expense'	0.81	0.36
c) Liability Recognised in Balance Sheet		
Present value of unfunded obligation as at the end of the year	5.60	4.95
Net Liability	5.60	4.95
d) Components of actuarial gain/losses on obligation		
Actuarial changes arising from changes in financial assumptions	0.14	0.07
Actuarial changes arising from changes in demographic assumptions	0.00	-
Experience adjustments	(1.26)	(1.61)
Net actuarial (gain)	(1.11)	(1.53)

Particulars	Gratuity		Compensated absences	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
e) Current/ non-current classification				
Current	2.05	1.81	5.60	4.95
Non- current	8.95	6.27	-	-
	11.00	8.08	5.60	4.95

The following table summarizes the principal assumptions used for defined benefit obligation and compensated absences:

Actuarial assumptions	Gratuity		Compensated absences	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate	6.45%	7.20%	6.45%	7.20%
Salary escalation rate (% p.a.) *	5.10%	5.10%	5.10%	5.10%
Withdrawal Rates	10% at all ages	10% at all ages	10% at all ages	10% at all ages
Leave availment rate	-	-	5.00%	5.00%
Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

\*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

Note 35 : Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

Quantities sensitivity analysis for significant assumption is as below:

Particulars	Gratuity		Compensated absences	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
i. Discount rate	0.5% increase		0.5% increase	
ii. Salary escalation rate - over a long-term	11.30	8.43	5.52	4.85
	12.00	8.95	5.78	5.07
iii. Withdrawal rate (W.R.)	0.1% increase		0.1% increase	
	11.69	8.73	5.58	4.90
i. Discount rate	0.5% decrease		0.5% decrease	
ii. Salary escalation rate - over a long-term	12.01	8.96	5.78	5.07
	11.30	8.43	5.52	4.85
iii. Withdrawal rate (W.R.)	0.1% decrease		0.1% decrease	
	11.59	8.63	5.71	5.01

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant.

### Maturity analysis of defined benefit obligation

Particulars	Gratuity		Compensated absences	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
1st Following Year	1.20	0.86	0.95	0.82
2nd Following Year	1.14	0.93	0.85	0.75
3rd Following Year	1.12	0.87	0.76	0.68
4th Following Year	1.13	0.86	0.68	0.61
5th Following Year	3.52	0.85	1.16	0.54
Sum of Year 6 to 10 Year	4.51	4.85	1.87	2.07
Total expected payments	12.60	9.23	6.28	5.46

### B Experience adjustments

Particulars	2019	2018	2017	2016	2015
Present value of defined benefit obligation	8.68	7.18	8.37	5.95	3.21
Fair value of plan assets	-0.60	-0.55	-1.59	-1.47	-1.75
(Deficit)	8.08	6.63	6.78	4.48	1.46

### C Defined contribution plans

The Company makes contribution towards provident fund to a defined contribution retirement plan for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement contribution schemes to fund benefits.

a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

	31 March 2020	31 March 2019
(i) Contribution to provident fund	2.17	1.21
(ii) Contribution to MLWF fund	0.01	0.01
	2.18	1.22

"The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Company has also made provision of provident fund liability in current year for period pertaining from 1 March 2019 to 31 March 2020.



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

Note 36 : Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below:

a) Names of related parties and nature of relationship (to the extent of transactions entered into during the year except for control relationships where all parties are disclosed)

Nature of relationship	Name of the Party
A) Key Management Personnel (KMP) Managing Director	Mr. Sudhanshu Chaturvedi
B) Independent Director and non executive Director Independent Director Independent Director	Ms. Dipa Hakani Ms. Hemal Arya
C) Ultimate Holding Company	Prozone Intu Properties Limited
D) Holding Company	Prozone Liberty International Limited, Singapore.
E) Fellow Subsidiary Company	Empire Mall Private Limited



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

b) Transactions carried out with related parties referred to above, in ordinary course of business and balances outstanding:

### Summary of related party transactions

Transactions	Ultimate Holding Company		Fellow Subsidiary Company		Directors sitting fees	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Directors sitting fees						
Deepa Hakani	-	-	-	-	1.25	1.50
Hemal Arya	-	-	-	-	1.25	1.50
Purchase of services						
Prozone Intu Properties Limited	382.71	279.63	-	-	-	-
Loan taken						
Prozone Intu Properties Limited	-	378.52	3,400.20	-	-	-
Empire Mall Private Limited						
Interest on loan						
Prozone Intu Properties Limited	29.11	15.12	-	-	-	-
Empire Mall Private Limited	-	-	130.61	-	-	-
Notional Corporate Guarantees commission						
Prozone Intu Properties Limited	6.22	1.59	-	-	-	-
Loan repaid (including TDS)						
Prozone Intu Properties Limited	2.91	36.97	-	-	-	-
Empire Mall Private Limited	-	-	13.06	-	-	-





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Balances payable/outstanding at the year end

	Ultimate Holding Company		Fellow Subsidiary Company		Directors sitting fees	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Directors sitting fees						
Hetal Hakani	-	-	-	-	(0.23)	(0.23)
Purchase of services						
Prozone Intu Properties Limited	155.20	26.83	-	-	-	-
Corporate Guarantees given on behalf of company						
Prozone Intu Properties Limited	1,680.56	1,990.68	-	-	-	-
Loan taken (net of repaid)						
Prozone Intu Properties Limited	367.75	341.55	-	-	-	-
Empire Mall Private Limited	-	-	3,517.75	-	-	-



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 37 : Expenditure on Corporate Social Responsibility (CSR) activities

A Gross amount required to be spent by the Company during the year 2019-20 - Rs 1.47 Lakhs (31 March 2019- Rs 10.05 Lakhs)			
B Amount spent during the year on:			
Sr. No	Particulars	In Cash/ Cheque	Yet to be paid in cash
i	Construction/acquisition of any assets	-	-
ii	On purposes other than (i) above	-	-
C Related party transactions in relation to Corporate Social Responsibility:		-	-
D Provision movement during the year 2019-20		-	-
Opening provision		-	-
Addition during the year		-	-
Utilised during the year		-	-
Closing provision		-	-
Total		-	-



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 38 : Segment Reporting as required under Indian Accounting Standard 108, "Operating Segments" :

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. "designing, developing, owning and operating residential and commercial premises", hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

### Note 39 : Disclosure with regards to section 186 (4) of the Companies Act, 2013

- i) For investment refer note no. 6 and 11
- ii) For loans given:

Particulars	Rate of Interest	31 March 2020	31 March 2019
Inter-Corporate Deposits (net of ECL)	NA	-	-

#### Note:

The Company has not provided interest in current year and previous year as said loans and advances are written off during the previous year. The amount written off in previous year was Rs 812.82 lakhs





Notes to the financial statements (Continued)  
as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

## Note 40 : Financial Instruments – Fair values and risk management

## Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

31 March 2020	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
<b>Financial assets</b>								
Investments	6 & 11	-	7,814.13	-	-	-	7,814.13	7,814.13
Others financial assets	7 & 14	-	-	101.57	-	-	-	-
Cash and cash equivalents	12	-	-	15.87	-	-	-	-
Loan	13	-	-	4.05	-	-	-	-
		-	7,814.13	121.49	-	-	-	-
<b>Financial liabilities</b>								
Borrowings	17 & 21	-	-	3,885.50	-	3,885.50	-	3,885.50
Trade payables	22	-	-	1,766.81	-	-	-	-
Other financial liabilities	18 & 23	-	-	2,565.50	-	1,647.03	-	1,647.03
		-	-	8,017.81	-	-	-	-

31 March 2019	Note	Carrying amount			Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
<b>Financial assets</b>								
Investments	6 & 11	406.84	8,628.01	-	-	406.84	8,628.01	9,034.85
Others financial assets	7 & 14	-	-	54.58	-	-	-	-
Cash and cash equivalents	12	-	-	11.32	-	-	-	-
Loan	13	-	-	1.35	-	-	-	-
		406.84	8,628.01	67.25	-	-	-	-
<b>Financial liabilities</b>								
Borrowings	17 & 21	-	-	1,212.60	-	871.05	-	871.05
Trade payables	22	-	-	1,110.96	-	-	-	-
Other financial liabilities	18 & 23	-	-	1,454.34	-	1,061.10	-	1,061.10
		-	-	3,777.90	-	-	-	-

## Footnote:

The carrying amounts of the borrowings that are not measured at fair value are reasonable approximation of fair value, as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued) as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 40 : Financial instruments – Fair values and risk management

#### Accounting classification and fair values

##### B) Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

#### i) Financial instruments measured at amortised cost

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable
Other financial liabilities- (current maturities of long-term debt)	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

#### ii) Financial instruments measured at fair value through Other Comprehensive Income

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in preference shares	The fair value of investment has been determined by external, independent property valuer, having appropriate recognised professional qualifications and relevant experience the field.	Not applicable	Not applicable

#### iii) Financial instruments measured at fair value through profit or loss

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ("NAV") as stated by the issuer of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which the issuers will redeem such units from the investor.	Not applicable	Not applicable



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 40 : Financial instruments – Fair values and risk management (continued) :

#### B) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a. credit risk ;
- b. liquidity risk ; and
- c. market risk
- d. other risk

#### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The carrying amounts of financial assets represent the maximum credit exposure.

#### Trade receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Company periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Company continues regular follow up, engage with the customers, legal options / any other remedies available with the objective of recovering these outstandings. The Company is not exposed to concentration of credit risk to any one single customer since services are provided to vast spectrum. The Company also takes security deposits, advances, post dated cheques etc from its customers, which mitigate the credit risk to an extent.

#### Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks of Rs. 15.87 lakhs and Rs 11.32 lakhs as at 31 March 2020 and 31 March 2019 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

#### Exposure to credit risk

The allowance for impairment in respect of trade receivables during the year was Rs Nil ( 2019: Rs Nil)

The allowance for impairment in respect of loans and other financial assets during the year was Rs Nil ( 2019: Rs 95.86 lakhs)

The gross carrying amount of financial assets, net of impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is as follows:

Particulars	31 March 2020	31 March 2019
Financial assets for which loss allowances are measured using 12 months Expected Credit Losses (ECL)		
Loans and Other financial assets	412.00	412.00





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 40 : Financial Instruments – Fair values and risk management (continued) :

#### B) Financial risk management

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 1 April 2018	1,128.96
Impairment loss recognised	95.86
Amount written off during the year	812.82
Balance as at 31 March 2019	412.00
Impairment loss recognised	-
Amount written off during the year	-
Balance as at 31 March 2020	412.00

#### b. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

Particulars	Note	Carrying amount	Contractual cash flows			
			Total	One year or less	1 - 5 years	More than 5 years
<b>As at 31 March 2020</b>						
<b>Non - derivative financial liabilities</b>						
Borrowings	17 & 21	3,885.50	3,932.73	3,932.73	-	-
Trade payables	22	1,766.81	1,766.81	1,766.81	-	-
Other financial liabilities	18 & 23	2,365.50	2,365.50	2,365.50	-	-
		8,017.81	8,065.04	8,065.04	-	-
<b>As at 31 March 2019</b>						
<b>Non - derivative financial liabilities</b>						
Borrowings	17 & 21	1,212.60	1,304.27	341.55	962.72	-
Trade payables	22	1,110.96	1,110.96	1,110.96	-	-
Other financial liabilities	18 & 23	1,454.34	1,454.34	1,184.96	269.38	-
		3,777.90	3,869.57	2,637.47	1,232.10	-

#### c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and bank deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

#### Exposure to interest rate risk:

The Company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from banks.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:



# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 40 : Financial instruments – Fair values and risk management (continued) :

#### B) Financial risk management

Particulars	31 March 2020	31 March 2019
Fixed-rate instruments:		
Financial asset (Bank deposits)	20.76	10.60
Financial liabilities (Borrowings)	(3,899.21)	(374.69)
	(3,878.45)	(364.09)
Variable-rate instruments:		
Financial liabilities (Borrowings)	(1,633.33)	(1,899.01)

#### Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

#### Cash flow sensitivity analysis for variable-rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	31 March 2020	31 March 2019
Increase in basis points	50 basis points	50 basis points
Effect on loss before tax, increase by	8.17	9.50
Decrease in basis points	50 basis points	50 basis points
Effect on loss before tax, decrease by	8.17	9.50

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### Foreign currency risk

The Company has negligible exposure to currency risk since almost all the transactions of the Company are denominated in Indian Rupees.

#### Commodity and Other price risk

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

#### d. Other risk - On account of covid

In March 2020, World Health Organization has declared COVID 19 a pandemic. Consequent to this, Government of India declared lockdown on March 23, 2020. This has resulted in disruption to regular business operations due to disruptions in transportation, quarantines, social distancing and other emergency measures imposed by the government. The Company believes that the COVID 19 pandemic will only have a short to medium term impact on its operations and post easing of the lockdown, the business is expected to be normal gradually in 9-12 months.

The Company has taken various measures to reduce its fixed cost for example, salary reductions, optimization of administrative costs etc. The Company management has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets (including property, plant and equipment, investment property, capital work in progress, investments, loans etc.). In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these financial results has used internal and external sources of information to assess the expected future performance of Company and expects that the carrying amount of these assets, as reflected in the balance sheet as at March 31, 2020, are fully recoverable.

The management has also estimated the future cash flows with the possible effects that may result from the COVID-19 and does not foresee any adverse impact on realizing its assets and in meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results.

The Company will continue to closely monitor any material changes to future economic conditions.





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### Note 41 : Capital Management

The Company manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-a-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2020. The Company calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios is as follows:

Particulars	31 March 2020	31 March 2019
Total debt (Refer note 17, 21 and 23)	5,532.54	2,273.70
Less: cash and bank balances (Refer note 12)	15.87	11.32
Adjusted net debt	5,516.67	2,262.38
Total equity	24,268.34	25,279.89
Adjusted net debt to adjusted equity ratio (times)	0.23	0.09

### Note 42 : IND AS 115 - Revenue from Contracts with Customers

a) The Company is engaged in the business of developing, owning and operating of shopping malls, commercial and residential premises. Ind AS 115 Revenue from contracts with customer has been notified by Ministry of Corporate Affairs (MCA) on 28 March 2018 and is effective from accounting period beginning on or after 1 April 2018, replace existing revenue recognition standard. The application of Ind AS 115 has impacted the Company's accounting for recognition of revenue from real estate projects in SPV's. The Company in previous year had applied the modified retrospective approach to its real estate contracts that were not completed as on 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting retained earning as at the said date by Rs 2,470.66 lakhs (net of deferred tax). No impact of the same in current year.

### b) Disaggregation of revenue from contracts with customers

The Company believes that Revenue from operations best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by industry, market and other economic factors.

### c) Reconciliation of contract assets and contract liabilities and its significant changes

Particulars	31 March 2020	31 March 2019
<b>Due from contract customers (contract assets)</b>		
At the beginning of the reporting period	-	1,617.42
Cumulative catch up adjustments to revenue affecting contract asset	-	(1,617.42)
At the end of the reporting period	-	-
<b>Advance from contract customers (contract liability)</b>		
At the beginning of the reporting period	12,822.73	871.30
Cumulative catch up adjustments to revenue affecting contract liability	-	11,951.43
Additional advances received (net of refund)	188.37	-
Significant financing component	6,940.35	-
At the end of the reporting period	19,951.45	12,822.73

The amount of Rs Nil lakhs recognised in contract liabilities at the beginning of the year has been recognised as revenue during the year ended 31 March 2020.





# Hagwood Commercial Developers Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Lakhs)

### d) Performance obligation

The Company is engaged in the business of developing, owning and operating of shopping malls, commercial and residential premises.

All the contracts entered with the customers consists of a single performance obligation whereby the consideration allocated to the performance obligation is based on standalone selling prices.

Revenue is recognised upon transfer of control of retail, residential and commercial units to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those units. The trigger for revenue recognition is normally completion of the project or receipt of approvals on completion from relevant authorities or intimation to the customer of completion, post which the contract becomes non-cancellable by the parties.

The revenue is measured at the transaction price agreed under the contract. In certain cases, the Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction price for the effects of a significant financing component.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the Company recognises the entire estimated loss in the period the loss becomes known.

### e) Transaction price allocated to remaining performance obligation

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 March 2020 is INR 15,474.62 lakhs (March 31 2019 is INR 14,439.06 lakhs), which will be recognised as revenue over a period of 2-3 years.

The Company applies practical expedient of Ind AS 115 and does not disclose information about the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the entity expects to recognise that amount as revenue for all reporting periods presented before the date of initial application.

### Note 43 : Airport Authority of India matter

Airport Authority of India, Nagpur ('AAIN') had arbitrarily cancelled maximum permissible height No Objection certificate ('NOC') issued to the Company for its residential project in Nagpur in August 2017. The Company had followed due process as per rules and regulations and obtained the NOC in February 2012. The Company is contesting the case against AAIN for cancellation order issued by AAIN and revalidation of the NOC.

Further, the Appellate Committee of Ministry of Civil Aviation, without due consideration of complete facts had rejected the appeal of the Company in this matter and instructed the Airport operator, Mihan India Private Limited to initiate action as per Aircraft (Demolition of Obstructions caused by buildings and tree, etc.) Rule, 1994.

The Company conducted an independent aeronautical study through ex-AAI official and VHF Omnidirectional Radio Range (VOR) (an aircraft navigation system) analysis and assessment study from a reputed aviation consultant, the reports of which cleared the buildings from being a major obstacle to the flight path. The Company had filed a writ petition in the Honorable High Court of Bombay (Nagpur Bench) for revocation of demolition order of Appellate Committee and restoration of the aviation NOC. Based on the interim order, the Honourable High court of Bombay (Nagpur Bench) has stayed the demolition order and further proceedings are in progress.

Based on independent aeronautical survey report obtained by the Company, the obstacle limitation study report conducted by AAIN, legal opinion obtained by the Company and merits of the case, management believes the chances of revalidation of NOC are high and accordingly, no adjustments have been made, in respect of any write down in the carrying value of inventories aggregating to Rs 27,727.66 lakhs, and provision towards expected demolition cost and interest payable to customers on cancellation of bookings, in the financial statements as at and for the year ended 31 March 2020.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

*Mansidwalia*

Mansi Pardiwalla  
Partner

Membership No: 108511

For and on behalf of the Board of Directors of  
Hagwood Commercial Developers Private Limited  
CIN : U45201MH2006PTC164110

*Sudhanshu Chaturvedi*  
Sudhanshu Chaturvedi  
Director  
DIN 05151360

*Deepa Hakani*  
Deepa Hakani  
Director  
DIN 07155347

*Nidhi Chhawchharia*  
Nidhi Chhawchharia  
Company Secretary



Place : Mumbai  
Date : 8 July 2020

Place : Mumbai  
Date : 8 July 2020