Walker Chandiok & Co LLP
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai 400013
India

T +91 22 6626 2600
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Lavasa Corporation Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Lavasa Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

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

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

Basis for Qualified Opinion

8. As stated in Note 16.1(b) to the standalone financial statements, the Company's 'non-current borrowings', and 'other current financial liabilities' include balances amounting to ₹ 53,716.20 lakhs and ₹ 253,041.08 lakhs, respectively, as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying standalone financial statements.

9. As stated in Note 38 to the standalone financial statements, the Company's capital work-in-progress (CWIP) as at 31 March 2018 includes amounts aggregating ₹ 119,680.12 lakhs which is being carry forward from earlier years in respect of roads, electrical distribution, dams etc. Management has assessed that no adjustments are required to be made to the carrying value of such CWIP owing to the reasons mentioned in the aforesaid note. However, in the absence of sufficient appropriate evidence to support management's contention, we are unable to comment on adjustments, if any, that are required to the carrying value of CWIP and the consequential impact on the accompanying standalone financial statements.

Qualified Opinion

10. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Material Uncertainty Related to Going Concern

11. We draw attention to Note 43 to the standalone financial statements, which indicates that the Company has incurred net loss of ₹ 68,214.98 lakhs during the year ended 31 March 2018 and as of that date, its current liabilities exceeded its current assets by ₹ 238,988.74 lakhs. The operations of the Company are dependent on the effectiveness of the project undertaken by the Company along with other entities in the group as a whole. The Company has defaulted in repayment of borrowings from banks/ financial institutions and dues to non-convertible debentures and is in the process of submitting a resolution plan to the consortium of lenders for revival of its business and restructuring the repayment of borrowings, and is also in the process of restructuring the terms of repayment with non-convertible debenture holders. The above factors indicate a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Basis the factors mentioned in the aforesaid note to the standalone financial statements, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

Emphasis of Matters

12. We draw attention to Note 39 to the standalone financial statements, regarding the Company's non-current investments in its subsidiary companies, joint ventures and associates, and its non-current/ current loans and trade receivables which include dues from such subsidiaries, joint ventures and associates aggregating ₹ 203,778.18 lakhs, ₹ 21,369.19 lakhs and ₹ 10,884.80 lakhs, respectively. The net worth of the aforesaid subsidiaries, joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these subsidiaries, joint ventures and associates are dependent on the project undertaken by the respective companies as a group. Based on this and other factors stated in aforementioned note, management has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.

13. We draw attention to Note 40 to the standalone financial statements which describe the uncertainty related to the outcome of appeal filed by the Company with National Green Tribunal against the Order of the Ministry of Environment and Forests dated 9 November 2011 according environment clearances which are subject to compliance of certain terms and conditions by the Company. Pending the final outcome, which is presently unascertainable, no adjustments have been made in the standalone financial statements as the management is of the view that they have sufficient grounds to believe that no additional costs will be incurred to comply with the conditions imposed. Our opinion is not modified in respect of this matter.

14. We draw attention to Note 16.1(c) to the standalone financial statements, which describes that interest and principal in respect of non-convertible debenture holders (secured against land asset of the Company) listed on Bombay Stock Exchange (stock exchange), are overdue as at 31 March 2018. The management is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management believes that such overdue will not have any implications on the accompanying standalone financial statements. Our opinion is not modified in respect of this matter.

15. We draw attention to Note 9.1 to the standalone financial statements, which describes the restatement of the comparative financial statements for the year ended 31 March 2017, to correct an error in the deferred tax liabilities recorded as at 31 March 2017 in accordance with the requirements of Ind AS 8 - Accounting policies, changes in accounting estimates and errors. Further, as described in the said note, this restatement does not have an impact on the opening balance sheet of the preceding period. Our opinion is not modified in respect of this matter.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Other Matter

16. The audit of the financial statements for the year ended 31 March 2017 was carried out and reported by another auditor, Messrs. G. D. Apte & Co, Chartered Accountants, who had expressed a qualified opinion on those financial statements; vide their audit report dated 24 April 2017.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India 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.

18. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

   a) we have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 standalone financial statements dealt with by this report are in agreement with the books of account;

   d) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

   e) the matters described in paragraphs 8, 9, 11, 12, 13 and 14 under the Basis for Qualified Opinion paragraph / Material Uncertainty related to Going Concern / Emphasis of Matters, in our opinion, may have an adverse effect on the functioning of the Company;

   f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

   h) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 April 2018 as per "Annexure B" expressed a qualified opinion;

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

      i. the Company, as detailed in Notes 29(ii), (iv), (v)(d) and Note 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

ii. the Company, as detailed in Note 18.1 to the standalone financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

Annexure to the Independent Auditor's Report of even date to the members of Lavasa Corporation Limited, on the standalone financial statements for the year ended 31 March 2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to twenty-three companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the Company's interest;

(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;

(c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act, to the extent applicable, in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Lavasa Corporation Limited
Independent Auditor's Report on the Standalone Financial Statements

Annexure A (Contd)

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited to the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relate	Due Date	Date of Payment
Income Tax Act, 1961	Tax deducted at source U/s 194 C – Payment to contractors	15.20	March 2016	30 April 2016	Unpaid
		2.22	June 2017	7 July 2017	Unpaid
	Tax deducted at source U/s 194 A – Interest other than Interest on securities	146.52	March 2015	30 April 2015	Unpaid
		260.01	March 2016	30 April 2016	Unpaid
		237.31	March 2017	30 April 2017	Unpaid
	Tax deducted at source U/s 194 - I – Rent	6.60	March 2016	30 April 2016	Unpaid
		0.73	March 2017	30 April 2017	Unpaid
		2.75	June 2017	7 July 2017	Unpaid
	Tax deducted at source U/s 194 J - Fees for professional or Technical services	31.85	March 2016	30 April 2016	Unpaid
		34.60	March 2017	30 April 2017	Unpaid
		15.92	June 2017	7 July 2017	Unpaid

(b) There are no dues in respect of income-tax, sales-tax, goods and service tax, duty of customs, duty of excise. The dues outstanding in respect of service-tax and value added tax on account of any disputes, are as follows:

Statement of Disputed Dues:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act,1994	Service tax – Various matters	2,784.49	2.34	F.Y. 2010-14	Service Tax Audit-III, Matunga, Mumbai
Maharashtra Value Added Tax, 2002	Value added tax	72.39*	Nil	F.Y. 2013-14	Deputy Commissioner of Sales Tax

*including interest

(viii) There are no loan or borrowings payable to government. The Company has defaulted in repayment of following dues to banks, financial institutions and debenture-holders during the year, which were paid on or before the balance sheet date:

(₹ in lakhs)

Banks	Days	Principal	Interest	Total
Union Bank of India	0 to 180 days	2,241.75	1,475.10	3,716.85
Karnataka Bank Limited	0 to 180 days	533.68	171.27	704.95
Financial Institutions				
L&T Infrastructure Finance Company Limited	0 to 180 days	-	235.38	235.38

Lavasa Corporation Limited
Independent Auditor's Report on the Standalone Financial Statements

Annexure A (Contd)

The Company has defaulted in repayment of following dues to banks, financial institutions and debenture-holders during the year, which were not paid as at the balance sheet date:

(₹ in lakhs)

Debenture Holders	Days	Principal	Interest	Total
India Opportunities II Pte Limited	0 to 180 days	-	118.80	118.80
	Above 180 days	-	924.10	924.10
SSG Investment Holding India Limited	0 to 180 days	1,275.00	289.25	1,564.25
	Above 180 days	6,120.00	6,708.72	12,307.12
Debenture Holders				
Jammu and Kashmir Bank	0 to 180 days	-	1,487.53	1,487.53
	Above 180 days	9,639.00	3,482.35	13,121.35
Asset Reconstruction Company (India) Limited	0 to 180 days	-	5,031.34	5,031.34
	Above 180 days	25,000.00	26,341.03	51,341.03
Banks				
Axis Bank	0 to 180 days	-	2,101.33	2,101.33
	Above 180 days	22,664.00	4,855.88	27,519.88
Bank of Baroda	0 to 180 days	-	717.54	717.54
	Above 180 days	6,086.47	2,613.41	8,699.88
Bank of India	0 to 180 days	-	4,142.20	4,142.20
	Above 180 days	31,737.40	17,085.90	48,823.30
Central Bank of India	0 to 180 days	-	1,986.26	1,986.26
	Above 180 days	20,718.00	2,908.25	23,626.25
Banks	**Days**	**Principal**	**Interest**	**Total**
Corporation Bank	0 to 180 days	-	169.73	169.73
	Above 180 days	1,131.55	624.17	1,755.72
Karnataka Bank	0 to 180 days	592.80	170.91	763.71
	Above 180 days	296.40	57.86	354.26
Oriental Bank of Commerce	0 to 180 days	-	144.50	144.50
	Above 180 days	1,533.68	453.41	1,987.09
Punjab National Bank	0 to 180 days	-	3,596.74	3,596.74
	Above 180 days	28,101.00	13,080.26	41,181.26
State Bank of Hyderabad	0 to 180 days	-	1,481.84	1,481.84
	Above 180 days	12,478.00	4,981.27	17,459.27
Union Bank of India	0 to 180 days	24,438.87	2,735.66	27,174.53
Financial Institutions				
Edelweiss Asset Reconstruction Co. Limited	0 to 180 days	1,342.86	429.00	1,771.86
	Above 180 days	2,135.35	475.91	2,611.26
L&T Infrastructure Finance Company Limited	0 to 180 days	7,570.73	326.87	7,897.60
	Above 180 days	-	479.61	479.61
Asset Care and Reconstruction Enterprise Limited	0 to 180 days	-	1,811.17	1,811.17
	Above 180 days	11,020.37	6,640.08	17,660.45

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not obtain any term loan during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure A (Contd)

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company has not constituted audit committee as required under Section 177 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

1. In conjunction with our audit of the standalone financial statements of Lavasa Corporation Limited (the "Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure B (Contd)

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified opinion

8. In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness have been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2018:

   The Company did not have sufficient appropriate evidence to support supervisory and review controls over process of determining carrying value of the Company's capital work-in-progress. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of capital work-in progress and consequently, could also impact the loss (financial performance including other comprehensive income) after tax.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

10. In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, maintained adequate IFCoFR as at 31 March 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI and the Company's IFCoFR were operating effectively as at 31 March 2018.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

Lavasa Corporation Limited
Balance Sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
ASSETS			
Non-current assets			
Property, plant and equipment	3	69,904.36	70,975.44
Capital work-in- progress		119,680.12	123,338.50
Intangible assets	4	15.01	25.55
Financial assets			
Investments	5	203,788.21	200,713.02
Loans	6	21,441.59	5,159.58
Other financial assets	7	361.92	498.87
Income tax assets (net)	8	1,359.47	-
Other non-current assets	10	4,217.86	4,399.34
Total non-current assets		**420,768.54**	**405,110.30**
Current assets			
Inventories	11	188,842.28	188,863.89
Financial assets			
Trade receivables	12	13,566.81	25,754.35
Cash and cash equivalents	13	19.05	206.26
Loans	6	27.82	14,614.76
Other financial assets	7	4,180.93	3,726.25
Income tax assets (net)	8	-	1,211.08
Other current assets	10	10,281.19	13,478.61
Total current assets		**216,918.08**	**247,855.20**
Assets classified as held for sale	14	-	**200.18**
TOTAL ASSETS		**637,686.62**	**653,165.68**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	79,594.44	79,594.44
Other equity		(42,919.56)	24,604.95
Total equity		**36,674.88**	**104,199.39**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	59,523.57	70,176.76
Other financial liabilities	17	85,491.09	86,140.85
Provisions	18	90.26	32.10
Deferred tax liabilities (net)	9	-	7,133.87
Total non-current liabilities		**145,104.92**	**163,483.58**
Current liabilities			
Financial liabilities			
Borrowings	19	33,765.94	31,625.94
Trade payables	20	21,795.18	26,613.51
Other financial liabilities	17	377,936.78	296,922.01
Other current liabilities	21	18,875.53	26,261.27
Provisions	18	3,533.39	4,059.98
Total current liabilities		**455,906.82**	**385,482.71**
TOTAL EQUITY AND LIABILITIES		**637,686.62**	**653,165.68**

Notes 1 to 44 form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our audit report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N / N500013

Rakesh R. Agarwal
Partner
Membership No : 109632

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 02 May 2018

For and on behalf of the Board of Directors

Edna Victor Maclaine
Director
DIN : 07842299

Sharad Naik
Director
DIN : 07511077

Deepak Shah
Director
DIN : 07841769

Praveen Sood
Chief Executive Officer

S.V.Gurav

Sandeep Gurav
Company Secretary

LAVASA CORPORATION LIMITED MUMBAI

Place: Mumbai
Date: 02 May 2018

Lavasa Corporation Limited
Statement of Profit and Loss account for the year ended 31 March 2018

	Note No	Year ended 31 March 2018 (₹ lakhs)	Year ended 31 March 2017 (₹ lakhs)
Income			
Revenue from operations	22	2,783.72	6,433.63
Other income	23	13,084.73	54,572.00
Total income		**15,868.45**	**61,005.63**
Expenses			
Construction expenses	24	1,189.39	4,355.96
Changes in inventories	25	21.61	(2,807.20)
Employee benefit expenses	26	906.01	964.28
Finance cost	27	78,487.79	69,156.85
Depreciation and amortisation expenses	4A	4,732.00	4,975.17
Other expenses	28	5,873.43	9,704.17
Total expenses		**91,210.23**	**86,349.23**
Profit / (loss) before tax		**(75,341.78)**	**(25,343.60)**
Tax expenses / (credit)			
Current income tax		-	-
Deferred income tax [net of MAT credit provision (Refer note 9.1 and 9.2)]		(7,133.87)	(8,713.94)
Tax expenses of discontinued operations		-	-
		(7,133.87)	**(8,713.94)**
Profit / (loss) for the year (A)		**(68,207.91)**	**(16,629.66)**
Other comprehensive income (OCI)			
(a) Items not to be reclassified subsequently to profit or loss			
- Loss/(gain) on fair value of defined benefit plans as per actuarial valuation		(7.67)	2.43
- Income tax effect on above		-	(0.84)
- Gain on fair value of quoted investments		0.60	-
(b) Items to be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the year, net of tax (B)		**(7.07)**	**1.59**
Total comprehensive income/(loss) for the year, net of tax (A+B)		**(68,214.98)**	**(16,628.07)**
Earning/(loss) per equity share of each having face value of ₹10 each			
Basic and diluted (in ₹)	32	**(8.57)**	**(2.09)**

Notes 1 to 44 form an integral part of the standalone financial statements

This is the statement of profit and loss referred to in our audit report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N / N500013

Rakesh R Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 02 May 2018

For and on behalf of the Board of Directors

Edna Victor Maclaine
Director
DIN : 07842299

Sharad Naik
Director
DIN : 07511077

Deepak Shah
Director
DIN : 07841769

Praveen Sood
Chief Executive Officer

S.V. Gurav

Sandeep Gurav
Company Secretary

Place: Mumbai
Date: 02 May 2018

LAVASA CORPORATION LIMITED
MUMBAI

Lavasa Corporation Limited
Cash Flow Statement for the year ended 31 March 2018

	Year ended 31 March 2018 (₹ lakhs)	Year ended 31 March 2017 (₹ lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	(75,341.78)	(25,343.61)
Adjustment for:		
Depreciation and amortisation expense	4,732.00	4,975.17
Finance costs	78,487.79	69,156.85
Unrealised foreign exchange loss/(gain) (net)	(14.79)	-
(Profit) / loss on sale of property, plant and equipment	(0.91)	(0.03)
Excess provision no longer required written back	(12.47)	(724.87)
Impairment losses on financial /non financial assets	3,420.70	7,063.22
Interest income	(11,608.63)	(52,632.10)
Loss on disposal of control in an associate	-	76.51
Operating profit / (loss) before working capital changes	**(338.09)**	**2,571.14**
Adjustments for changes in working capital:		
(Increase)/ decrease in non current loans	396.04	(0.50)
(Increase)/ decrease in other non current financial assets	-	(159.90)
(Increase)/ decrease in other non current assets	16.16	1.41
(Increase)/ decrease in inventories	21.61	(2,654.08)
(Increase)/ decrease in trade receivables	9,889.97	(8,913.20)
(Increase)/ decrease in current loans	(16.82)	(6,606.70)
(Increase)/ decrease in other current financial assets	133.89	338.35
(Increase)/ decrease in other current assets	3,432.94	1,211.87
Increase/ (decrease) in other non current financial liability	(11,085.40)	(4,174.00)
Increase/ (decrease) in other current financial liability	9,584.36	5,286.75
Increase/ (decrease) in other current liability	(7,121.08)	5,378.17
Increase/ (decrease) in trade payables	(4,868.55)	(3,099.38)
Increase/ (decrease) in provisions	(455.96)	120.66
Cash used in operations	**(410.91)**	**(10,701.41)**
Direct taxes (paid)/ refund	(133.43)	333.99
Net cash used in operating activities	**(544.34)**	**(10,367.42)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	8.91	0.05
Purchase of property, plant and equipment	-	(16.64)
Purchase of investments	(3,710.33)	(7,056.11)
Net (investments in)/ proceeds from bank deposits (having original maturity of more than three months)	136.95	(33.27)
Loans given	(74.72)	-
Interest received	33.58	37.60
Net cash used in investing activities	**(3,605.61)**	**(7,068.37)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/ (repayments of) long-term borrowings (net)	(2,960.58)	(41,626.66)
Proceeds from/ (repayments of) short term borrowings (net)	(10.00)	-
Interest and other finance costs	(2,566.68)	(12,442.92)
Proceeds from performance security deposit (net of repayment)	9,500.00	69,119.00
Inter-corporate deposits taken	-	2,335.00
Net cash generated from financing activities	**3,962.74**	**17,384.42**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

LAVASA CORPORATION LIMITED * MUMBAI

Lavasa Corporation Limited
Cash Flow Statement for the year ended 31 March 2018

	Year ended 31 March 2018 (₹ lakhs)	Year ended 31 March 2017 (₹ lakhs)
Net decrease in cash and cash equivalents (A+B+C)	**(187.21)**	**(51.37)**
Cash and cash equivalents at the beginning of the year	206.26	257.63
Cash and cash equivalents at the end of the year (Refer note 13)	19.05	206.26
	(187.21)	(51.37)

Note:-

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require 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 arising from financing activities, to meet the disclosure requirement.

2. Additions to property, plant and equipment include movements of capital work-in-progress and capital creditors respectively during the year.

Notes 1 to 44 form an integral part of the standalone financial statements

This is the cash flow statement referred to in our audit report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

Place: Mumbai
Date: 02 May 2018

For and on behalf of the Board of Directors

Edna Victor Maclaine
Director
DIN : 07842299

Sharad Naik
Director
DIN : 07511077

Deepak Shah
Director
DIN : 07841769

Praveen Sood
Chief Executive Officer

Sandeep Gurav
Company Secretary

LAVASA CORPORATION LIMITED * MUMBAI

Place: Mumbai
Date: 02 May 2018

Lavasa Corporation Limited
Statement of Changes in Equity for the year ended 31 March 2018

A) Equity share capital

Particulars	Number	₹ lakhs
Equity shares of ₹ 10 each issued, subscribed and paid		
As at 1 April 2016	**795,944,363**	**79,594.44**
Issue of equity shares	-	-
As at 31 March 2017	**795,944,363**	**79,594.44**
Issue of equity shares	-	-
As at 31 March 2018	**795,944,363**	**79,594.44**

B) Other equity (₹ lakhs)

Particulars	Deemed equity investment	Reserve and Surplus				Other comprehensive income (OCI)		Total equity attributable to equity holders
		Capital reserve	Debenture redemption reserve	Retained earnings	Amalgamation reserve	Net gain on fair value of defined benefit plans	Gain on fair value of quoted investments	
As at 1 April 2016	**6,594.03**	**2,161.14**	**3,046.42**	**16,749.10**	**2,010.73**	**42.30**	-	**30,603.72**
Profit / (loss) for the year	-	-	-	(16,629.66)	-	-		(16,629.66)
Other comprehensive income/(loss) for the year	-	-	-	-	-	1.59		1.59
As at 31 March 2017	**6,594.03**	**2,161.14**	**3,046.42**	**119.44**	**2,010.73**	**43.89**	-	**13,975.66**
Deferred tax adjustment (Refer note 9.1)	-	-	-	10,629.30	-	-	-	10,629.30
Restated balance as at 31 March 2017	**6,594.03**	**2,161.14**	**3,046.42**	**10,748.74**	**2,010.73**	**43.89**	-	**24,604.95**
Additions	690.47			-				690.47
Profit / (loss) for the year	-	-	-	(68,207.91)	-	-		(68,207.91)
Other comprehensive income/(loss) for the year	-	-	-	-	-	(7.67)	0.60	(7.07)
As at 31 March 2018	**7,284.50**	**2,161.14**	**3,046.42**	**(57,459.17)**	**2,010.73**	**36.22**	**0.60**	**(42,919.56)**

Nature and purpose of reserves

i. Deemed equity investment
The holding company when transfers benefit to the Company in form of financial guarantee a deemed equity investment account is created. This will be derecognised on disposal of control in the Company.

ii. Capital reserve
Capital Reserve was created on issue of redeemable preference shares in the earlier years.

iii. Debenture redemption reserve
The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

iv. Amalgamation reserve
Revaluation reserve created on acquisition of an entity in the earlier years.

v. Net gain/(loss) on fair value of defined benefit plans
The Company has recognised remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated in OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant obligations are derecognised.

Notes 1 to 44 form an integral part of the standalone financial statements

This is the statement of changes in equity referred to in our audit report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N / N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 02 May 2018

For and on behalf of the Board of Directors

Edna Victor Maclaine
Director
DIN : 07842299

Sharad Naik
Director
DIN : 07511077

Deepak Shah
Director
DIN : 07841769

Praveen Sood
Chief Executive Officer

Sandeep Gurav
Company Secretary

LAVASA CORPORATION LIMITED
MUMBAI

Place: Mumbai
Date: 02 May 2018

Note 1 Corporate Information

Lavasa Corporation Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is principally engaged in the business of "Comprehensive Urban Development and Management" at Lavasa, India. The Company's certain non convertible debentures are listed on Bombay Stock Exchange in India. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India. The Company was incorporated on 11 February 2000 (CIN : U55101MH2000PLC187834).

The standalone financial statements were authorised for issue in accordance with resolution of the Board of Directors on 02 May 2018.

Note 2.1 Significant accounting policies

i Basis of preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Companies Act, 2013 ("the Act"). Operating cycle for the business activities of the Company covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

ii Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Contract estimates

The Company prepares budgets in respect of projects to compute project profitability. The major components of contract estimate is 'budgeted costs to complete the contract'. While estimating the component various assumptions are considered by the management such as (i) Work will be executed in the manner expected so that the project is completed timely (ii) consumption norms will remain same (iii) Assets will operate at the same level of productivity as determined (iv) Wastage will not exceed the normal % as determined etc. (v) Estimates for contingencies (vi) There will be no change in design and the geological factors will be same as communicated and (vii) price escalations etc. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Valuation of investment in/ loans to subsidiaries and other group companies

The Company performs valuation for its investments in equity/debentures of subsidiaries for assessing whether there is any impairment in the fair value. When the fair value of investments in subsidiaries cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. Similar assessment is carried for exposure of the nature of loans and interest receivable thereon. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as expected earnings in future years, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of these investments.

Deferred tax assets

In assessing the realisability of deferred income tax assets including Minimum Alternate Tax, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term, if estimates of future taxable income during the carry forward period are reduced.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

Defined benefit plans
The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii Property, Plant and Equipment (Tangible Assets)
Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

One percent of the cost of purchase of land is accounted as property, plant and equipment, whereas the balance amount is accounted as stock in trade under inventories. The pro-rata amount recorded under property, plant and equipment is reversed as and when any parcel of the land is disposed off.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct allocable overheads.

iv Intangible Assets
Intangible assets comprise of trademark and design, license fees and implementation cost for software and other application software acquired / developed for in-house use. These assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.
Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

v Depreciation/ Amortisation
Depreciation/ amortisation is provided on the written down value basis over the estimated useful lives of the assets on a pro-rata basis. The useful lives have been determined based on technical evaluation carried out by the management's expert, in order to reflect the actual usage of the assets. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The estimated useful lives are as below:
Building and sheds: 0-60 years
Plant and equipment : 10-20 years
Computers : 6 years
Vehicles : 10 years
Furniture and fixtures : 15 years

Trademark and design, computer software costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of ten years.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

vi Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a Financial Assets
Initial Recognition
In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

Financial Assets at Amortised Cost
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

LAVASA CORPORATION LIMITED MUMBAI

Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these 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. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2015 of its investments in subsidiaries, associates and joint ventures and used that carrying value as the deemed cost of these investments on the date of transition i.e. 1 April 2015.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

b Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

Financial Liabilities

1) Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED
MUMBAI

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the Company issues optionally convertible debenture, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

3) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

c Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

vii Employee Benefits

a Defined Contribution Plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

b Defined Benefit Plan

The Company also provides for gratuity which is a defined benefit plans, the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

c Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

viii Inventories

Cost of land accounted as stock in trade is treated as :
(a) Floor Space Index (FSI) - 95% and
(b) Land - 5%, both being distinct items of inventory.

Cost of FSI and Land are recognised on a weighted average basis and includes purchase / acquisition cost plus all direct and indirect expenditure incurred in connection with the purchase of land. Borrowing costs and overhead expenditure on sectoral / nodal / city level infrastructure, in respect of FSI under development are treated as an element of cost in view of substantial period of time required for development. Land and FSI are valued at lower of cost and net realisable value. Land or FSI utilized for own construction is transferred to Property, Plants and Equipment at cost. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Where construction of any unit is undertaken and were under construction at the end of the reporting period, such inventory is valued at lower of cost and net realisable value.

ix Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

x Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Comprehensive Urban Development and Management". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

xi Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

xii Foreign Exchange Translation and Accounting of Foreign Exchange Transactions

a 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 approximate the actual rate at the date of the transactions.

b 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.

c Treatment of Exchange Difference

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

xiii Revenue Recognition

a Sale of Land, Constructed units and FSI

Revenue is recognised in the period in which agreement to lease is executed. Income from sale of land (including on a long term lease basis) is recognised on transfer of all significant risks and rewards of ownership to the buyers and a reasonable expectation of collection of sale consideration from the buyers exists. Exchange of parcels of land against other parcels of land is not treated as sale but is adjusted in the land cost.

b Revenue from real estate projects

Revenue from constructed properties for all projects is recognized in accordance with the "Guidance Note on Accounting for Real Estate Transactions" ('Guidance Note'). As per this Guidance Note, the revenue has been recognized on percentage of completion method and on the percentage of actual project costs incurred thereon to total estimated project cost, provided the conditions specified in Guidance Note are satisfied

c Accounting of Construction Contracts

The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:

- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of lump sum contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered.

d Project management consultancy fees

Revenue from project management consultancy fees is recognized on accrual basis, in accordance with the terms of the agreements.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

CORPORATION LIMITED MUMBAI

e Dividend Income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

f Revenue from rent

Rent is recognized on time proportionate basis.

g Finance and Other Income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other Income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

xiv Interest in Joint Arrangements

As per Ind AS 111 - Joint Arrangements, investment in Joint Arrangement is classified as either Joint Operation or Joint Venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the Joint Arrangement. The Company classifies its Joint Arrangements as Joint Ventures.

The Company recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

xv Income Tax

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

a Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

xvi Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

xvii Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xviii Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method less provision for impairment.

xix Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the EIR method.

xx Earnings Per Share

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

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxi Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

xxii Share Based Payments

Certain employees of the Company are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

xxiii Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

Note 2.2 Recent accounting pronouncements

Standards issued but not yet effective

1) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

2) Ind AS 115, Revenue from Contract with Customers:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch-up approach)
The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant

Note 3 Property, plant and equipment (tangible assets)

(₹ lakhs)

Particulars	Freehold land	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Computers	Total
Gross carrying value							
As at 1 April 2015	394.67	67,678.39	12921.32	275.58	60.51	32.85	81,363.32
Additions	0.63	-	1.16	0.13	-	1.00	2.92
Deductions/ disposals	-	-	-	-	(0.24)	(0.07)	(0.31)
As at 31 March 2016	395.30	67,678.39	12,922.48	275.71	60.27	33.78	81,365.93
Additions	1.52	-	-	0.46	-	-	1.98
Deductions/ disposals	-	-	-	-	-	(0.04)	(0.04)
As at 31 March 2017	396.82	67,678.39	12,922.48	276.17	60.27	33.74	81,367.87
Additions	0.11	3,348.48	309.79	-	-	-	3,658.37
Deductions/ disposals	-	-	-	-	(8.15)	-	(8.15)
As at 31 March 2018	396.93	71,026.87	13,232.27	276.17	52.12	33.74	85,018.10
Accumulated depreciation							
As at 1 April 2015	-	-	-	-	-	-	-
Depreciation charge for the year	-	3,547.64	1,801.51	49.92	15.55	13.70	5,428.32
Accumulated depreciation on disposals	-	-	-	-	-	(0.07)	(0.07)
As at 1 April 2016	-	3,547.64	1,801.51	49.92	15.55	13.63	5,428.25
Depreciation charge for the year	-	3,353.86	1,549.94	40.79	11.54	8.06	4,964.19
Accumulated depreciation on disposals	-	-	-	-	-	(0.01)	(0.01)
As at 31 March 2017	-	6,901.50	3,351.45	90.71	27.09	21.68	10,392.43
Depreciation charge for the year	-	3,308.62	1,365.95	33.42	8.55	4.92	4,721.46
Accumulated depreciation on disposals	-	-	-	-	(0.15)	-	(0.15)
As at 31 March 2018	-	10,210.12	4,717.40	124.13	35.49	26.60	15,113.74
Net carrying value							
As at 31 March 2018	396.93	60,816.75	8,514.87	152.04	16.63	7.14	69,904.36
As at 31 March 2017	396.82	60,776.89	9,571.03	185.46	33.18	12.06	70,975.44

Note 4 Intangible assets

(₹ lakhs)

Particulars	Computer software	Trademarks and designs	Total
As at 1 April 2015	46.04	1.50	47.54
Additions	-	-	-
Deductions/ disposals	-	-	-
As at 1 April 2016	46.04	1.50	47.54
Additions	-	-	-
Deductions/ disposals	-	-	-
As at 31 March 2017	46.04	1.50	47.54
Additions	-	-	-
Deductions/ disposals	-	-	-
As at 31 March 2018	46.04	1.50	47.54
Accumulated amortisation			
As at 1 April 2015	-	-	-
Amortisation charge for the year	10.48	0.53	11.01
Accumulated amortisation on disposals	-	-	-
As at 1 April 2016	10.48	0.53	11.01
Amortisation charge for the year	10.44	0.54	10.98
Accumulated amortisation on disposals	-	-	-
As at 31 March 2017	20.92	1.08	21.99
Amortisation charge for the year	10.33	0.21	10.54
Accumulated amortisation on disposals	-	-	-
As at 31 March 2018	31.25	1.28	32.53
Net carrying value			
As at 31 March 2018	14.79	0.22	15.01
As at 31 March 2017	25.12	0.43	25.55

Note 4A Depreciation and amortisation charge during the year

(₹ lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
On tangible assets	4,721.46	4,964.19
On intangible assets	10.54	10.98
Total depreciation and amortisation charge during the year	4,732.00	4,975.17

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

LAVASA CORPORATION LIMITED * MUMBAI

		As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
5	**Non-current investments**		
	(Face value of ₹ 10 each, unless otherwise stated, fully paid up)		
	I. Investments valued at deemed cost		
	(i) In subsidiary companies (unquoted)		
	Dasve Business Hotel Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Dasve Convention Center Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Dasve Hospitality Institutes Limited 105,000 (31 March 2017 - 105,000) equity shares	555.00	555.00
	Lakeshore Watersports Company Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Lakeview Clubs Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Lavasa Hotel Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Dasve Retail Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Full Spectrum Adventure Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Lavasa Bamboocrafts Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	My City Technology Limited 180,495 (31 March 2017 - 180,495) equity shares	1,493.10	1,493.10
	Reasonable Housing Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Rhapsody Commercial Spaces Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Verzon Hospitality Limited 54,054 (31 March 2017 - 54,054) equity shares	40.54	40.54
	Future City Multiservices SEZ Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Valley View Entertainment Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Warasgaon Tourism Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Our Home Service Apartments Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Warasgaon Power Supply Limited 100,000 (31 March 2017 - 100,000) equity shares	505.00	505.00
	Sahyadri City Management Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Kart Racers Limited 45,000 (31 March 2017 - 45,000) equity shares	4.50	4.50
	Warasgaon Infrastructure Providers Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Hill City Service Apartments Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Nature Lovers Retail Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Warasgaon Valley Hotels Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Rosebay Hotels Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Mugaon Luxury Hotels Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Warasgaon Assets Maintenance Limited 7,079,248 (31 March 2017 - 6,718,415) equity shares	70,297.48	66,689.15
	Hill View Parking Services Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
	Green Hills Residences Limited (effective 25 July 2017) 88,865 (31 March 2017 - Nil) equity shares	338.19	-
	Subtotal	**73,343.81**	**69,397.29**
	Less: Impairment provision	(630.36)	(84.81)
	Total (A)	**72,713.45**	**69,312.48**
	(ii) In joint ventures (unqouted)		
	Spotless Laundry Services Limited 96,437 (31 March 2017 - 96,437) equity shares	708.22	708.22
	Green Hills Residences Limited (upto 25 July 2017) Nil (31 March 2017 - 53,319) equity shares	-	236.19
	Whistling Thrush Facilities Services Limited 27,540 (31 March 2017 - 27,540) equity shares	22.95	22.95
	Bona Sera Hotels Limited 122,563 (31 March 2017 - 122,563) equity shares	231.35	231.35
	Ecomotel Hotel Limited 11,096,289 (31 March 2017 - 10,132,240) equity shares	1,423.20	1,326.79
	Starit Resorts Limited 49,400 (31 March 2017 - 49,400) equity shares	365.30	365.30

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED
MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Andromeda Hotels Limited 61,470 (31 March 2017 - 61,470) equity shares	416.70	416.70
Apollo Lavasa Health Corporation Limited 626,808 (31 March 2017 - 626,808) equity shares	5,880.00	5,880.00
Total (B)	**9,047.72**	**9,187.50**
(iii) In associates (unqouted)		
Warasgaon Lakeview Hotels Limited (effective 9 June 2017) 140,897 (31 March 2017 - Nil) equity shares	1,213.44	-
Knowledge Vistas Limited 310,481 (31 March 2017 - 310,481) equity shares	2,245.09	2,245.09
Subtotal	3,458.53	2,245.09
Less : Impairment provision	(1,414.08)	(1,414.08)
Total (C)	**2,044.45**	**831.01**
II. Investments valued at amortised cost		
Investments in preference shares of subsidiary companies (unquoted)		
Dasve Business Hotels Limited 233,976 (31 March 2017 - 233,976) 0.001% cumulative convertible preference shares	2,339.76	2,339.76
Dasve Convention Center Limited 517,828 (31 March 2017 - 517,828) 0.001% cumulative convertible preference shares	5,178.28	5,178.28
Dasve Hospitality Institutes Limited 170,564 (31 March 2017 - 170,564) 0.001% cumulative convertible preference shares	1,705.64	1,705.64
Lakeshore Watersports Company Limited 109,796 (31 March 2017 - 109,796) 0.001% cumulative convertible preference shares	1,097.96	1,097.96
Lakeview Clubs Limited 193,580 (31 March 2017 - 193,580) 0.001% cumulative convertible preference shares	1,935.80	1,935.80
Dasve Retail Limited 789,148 (31 March 2017 - 789,148) 0.001% cumulative convertible preference shares	7,891.48	7,891.48
Lavasa Bamboocrafts Limited 79,024 (31 March 2017 - 79,024) 0.001% cumulative convertible preference shares	790.24	790.24
Reasonable Housing Limited 196,572 (31 March 2017 - 196,572) 0.001% cumulative convertible preference shares	1,965.72	1,965.72
Future City Multiservices SEZ Limited 16,948 (31 March 2017 - 16,948) 0.001% cumulative convertible preference shares	169.48	169.48
Warasgaon Tourism Limited 98,368 (31 March 2017 - 98,368) 0.001% cumulative convertible preference shares	983.68	983.68
Sahyadri City Management Limited 387,136 (31 March 2017 - 387,136) 0.001% cumulative convertible preference shares	3,871.36	3,871.36
Hill City Service Apartments Limited 103,288 (31 March 2017 - 103,288) 0.001% cumulative convertible preference shares	1,032.88	1,032.88
Nature Lovers Retail Limited 17,320 (31 March 2017 - 17,320) 0.001% cumulative convertible preference shares	173.20	173.20
Subtotal	29,135.48	29,135.48
Less : Impairment provision	(11,176.86)	(10,674.22)
Total (D)	**17,958.62**	**18,461.26**
III. Investments in equity shares in others carried at fair value through OCI		
(Unquoted)		
Warasgaon Lakeview Hotels Limited (upto 9 June 2017) Nil (31 March 2017 - 109,646) equity shares	-	900.33
Space Theme Park India Limited 50,000 (31 March 2017 - 50,000) equity shares	5.00	5.00
Osprey Hospitality Limited (effective 9 August 2016) 60 (31 March 2017 - 60) equity shares	0.01	0.01
D S Kulkarni Developers Limited 10 (31 March 2017 - Nil) equity shares	0.03	-
Orbit Corporation Limited 20 (31 March 2017 - Nil) equity shares	0.06	-
Total (E)	**5.10**	**905.34**
(Quoted)		
Punjab National Bank Limited 4,715 (31 March 2017 - 4,715) equity shares of ₹ 2 each	4.47	3.68
Hubtown Limited 10 (31 March 2017 - 10) equity shares	0.01	0.08
Ansal Housing and Construction Limited 30 (31 March 2017 - 30) equity shares	0.01	0.02
Ansal Properties and Infra Limited 10 (31 March 2017 - 10) equity shares of ₹ 5 each	0.00 *	0.03
Ashiana Housing Limited 175 (31 March 2017 - 175) equity shares of ₹ 2 each	0.27	0.03
DLF Limited 10 (31 March 2017 - 10) equity shares of ₹ 2 each	0.02	0.09
HDIL Limited 12 (31 March 2017 - 12) equity shares	0.00 *	0.08

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Indiabulls Real Estate Limited 10 (31 March 2017 - 10) equity shares	0.02	0.03
Mahindra Lifestyle limited 10 (31 March 2017 - 10) equity shares	0.04	0.06
Orbit Corporation Limited Nil (31 March 2017 - 20) equity shares	-	0.06
Parshwanath Developers Limited 20 (31 March 2017 - 20) equity shares	0.00 *	0.04
Peninsula Land Limited 50 (31 March 2017 - 50) equity shares of ₹ 2 each	0.01	0.06
Shoba Developers Limited 10 (31 March 2017 - 10) equity shares	0.05	0.09
Unitech Limited 10 (31 March 2017 - 10) equity shares of ₹ 2 each	0.00 *	0.03
D S Kulkarni Developers Limited Nil (31 March 2017 - 10) equity shares	-	0.03
Total (F)	**4.90**	**4.41**
IV. Investments in other instruments		
(i) Investment carried at amortised cost in subsidiary companies		
Equity component in redeemable preference shares:		
Dasve Hospitality Institutes Limited 50,000 (31 March 2017 - 50,000) 0.001% redeemable preference shares	998.18	998.18
Warasgaon Asset Maintenance Limited 7,145 (31 March 2017 - 6,260) 0.001% redeemable preference shares	24.98	22.03
Equity component of deposits	75,010.17	75,010.17
Corporate guarantees	25,815.47	25,815.47
(ii) In joint ventures		
Corporate guarantees	40.07	40.07
(iii) In associates		
Corporate guarantees	125.10	125.10
Total (G)	**102,013.97**	**102,011.02**
Total non-current investments (A+B+C+D+E+F+G)	**203,788.21**	**200,713.02**

Details:
Aggregate of non-current investments:

(i) Carrying value of investments (net of impairment loss) - unquoted	203,783.31	200,708.61
(ii) Carrying value of investments (net of impairment loss) - quoted	4.90	4.41
(iii) Market value of investments - quoted	4.90	4.41
(i) Investments carried at FVTPL	-	-
(ii) Investments carried at amortised cost	203,778.21	199,803.26
(iii) Investments carried at fair value through OCI	10.00	909.75

Note:

1 The Company has pledged the following shares in favour of the lenders as part of the financing agreements for facilities taken by Warasgaon Asset Maintenance Limited, a subsidiary company, as indicated below:

Name of the Company	**Number of equity shares pledged**	
	31 March 2018	**31 March 2017**
Warasgaon Asset Maintenance Limited	7,079,248	6,718,415
Sahyadri City Management Limited	500,000	500,000

2 The Company has given a "Non Disposal Undertaking" to the lenders of the subsidiaries and joint venture for the amounts borrowed by them to the extent summarised below:

Name of the Company	**Number of equity shares**	
	31 March 2018	**31 March 2017**
Warasgaon Asset Maintenance Limited	7,079,248	6,718,415
Warasgaon Power Supply Limited	51,000	51,000
Ecomotel Hotel Limited	11,098,289	10,132,240

6 Loans

(Unsecured, considered good unless otherwise stated)

Non-current		
Security deposits	72.40	468.44
Loan to subsidiaries (Refer note 31)	15,734.64	4,691.14
Loan to joint ventures (Refer note 31)		
Unsecured, considered good	5,634.48	-
Unsecured, considered doubtful	2,134.04	-
Less: Impairment loss provision	(2,134.04)	-
Loans to associates (Refer note 31)	0.07	-
Total non-current loans	**21,441.59**	**5,159.58**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Current		
Security deposits	27.82	11.00
Loan to subsidiaries	-	9,326.99
Loan to joint ventures (Refer note 31)		
Unsecured, considered good	-	4,996.19
Unsecured, considered doubtful	-	2,134.04
Less: Impairment loss provision		(2,134.04)
Loans to associates (Refer note 31)	-	0.07
Loans to others		
Unsecured, considered good	-	280.51
Unsecured, considered doubtful	4,243.45	4,243.45
Less: Impairment loss provision	(4,243.45)	(4,243.45)
Total current loans	**27.82**	**14,614.76**
Total loans	**21,469.41**	**19,774.34**

Note - There are no loan due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner or a member.

7 Other financial assets

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Non-current		
Margin money deposits with banks	361.92	498.87
Application money paid towards securities		
Unsecured, considered doubtful	562.00	562.00
Less: Impairment loss provision	(562.00)	(562.00)
Total non-current financial assets	**361.92**	**498.87**
Current		
Unbilled work	1,885.74	2,042.23
Advances to employees	5.43	4.11
Others	2,289.76	1,679.91
Total current financial assets	**4,180.93**	**3,726.25**
Total other financial assets	**4,542.85**	**4,225.12**

8 Income tax assets (Net)

i. The following table provides the details of income tax assets and liabilities:

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Income tax assets	1,359.47	1,211.08
Less: Income tax liabilities	-	-
Total Current tax assets (net)	**1,359.47**	**1,211.08**

ii. The gross movement in the current tax asset/ (liability):

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Net current income tax assets/ (liabilities) at the beginning	1,211.08	1,545.07
Income tax paid	148.39	(333.99)
Net non-current income tax assets/ (liabilities) at the end	**1,359.47**	-
Net current income tax assets/ (liabilities) at the end	-	**1,211.08**

iii. Income tax expense in the statement of profit and loss comprises:

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Current income taxes	-	-
Deferred income taxes	-	-
Income tax expenses/ (income) (net)	-	-

Total brought forward losses upto assessment year 2018-19, amounts to ₹ 200,026.65 lakhs (31 March 2017: 151,871.52 lakhs) which can be carried forward between A.Y. 2020-21 to A.Y. 2025-26)

9 Deferred tax liabilities (net)

A. Deferred tax liabilities

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Property, plant and equipment	11,727.19	11,902.61
Deemed equity investment	35,304.99	35,303.97
Impacts of recognition of financial instruments measured at amortised cost	44,588.01	104,249.80
Total deferred tax liabilities (A)	91,620.19	**151,456.38**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

LAVASA CORPORATION LIMITED * MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
B. Deferred tax assets		
Carry forward losses	81,231.69	68,965.12
Impacts of recognition of financial instruments measured at amortised cost	18,381.49	45,183.53
Minimum Alternate Tax	8,284.17	8,284.17
Others	12,259.23	11,260.39
Total deferred tax assets (B)	**120,156.58**	**133,693.21**
Deferred tax liabilities/(asset) before restatement **(C = A-B)**	(28,536.39)	17,763.17
Deferred tax adjustment (Refer notes below) **(D)**	-	(10,629.30)
Net deferred tax liabilities/(assets) (E = C-D)	-	**7,133.87**

9.1 During the year ended 31 March 2018, the Company has restated the financial statements for the year ended 31 March 2017, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' on account of de-recognition of deferred tax liabilities amounting to ₹ 10,629.30 lakhs. The restatement adjustments resulted in a net decrease of ₹ 10,629.30 lakhs to the previously reported net loss for the year ended 31 March 2017 and reduced the deferred tax liabilities by the same amount as at that date. Retained earnings as at 1 April 2017 within the statement of changes in equity has been restated to adjust the impact of such deferred tax adjustments relating to prior years. This has not impacted the opening balance sheet of the preceeding period.

9.2 The Company has recognised deferred tax assets to the extent of the deferred tax liability only, in view of absence of reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Further, during the current year, the Company has written off MAT credit amounting to ₹ 8,284.17 lakhs, recognised during earlier years, in absence of convincing evidence that the Company will be paying normal tax during the period specified in the Income Tax Act, 1961 (IT Act) available for its set off. However, in accordance with the provisions of the IT Act, the Company is allowed to carried forward this MAT credit to be set off against future taxable profits in the year in which the Company is liable to pay tax as per the normal provisions in excess of MAT for that year if credit is availed during period specified under the IT Act.

10 Other non-current assets
(Unsecured, considered good unless otherwise stated)

	31 March 2018	31 March 2017
Non-current		
Financial guarantees	4,217.75	4,398.02
Prepaid expenses	0.11	1.32
Total non-current assets	**4,217.86**	**4,399.34**
Current		
Advances to suppliers		
Unsecured, considered good	7,480.13	9,369.87
Unsecured, considered doubtful	1,233.78	1,158.83
Less: Impairment loss provision	(1,233.78)	(1,158.83)
Balances with government authorities	1,106.57	1,386.76
Prepaid expenses	852.21	1,989.98
Financial guarantees	842.28	732.00
Total current assets	**10,281.19**	**13,478.61**
Total other assets	**14,499.05**	**17,877.95**

11 Inventories

	31 March 2018	31 March 2017
Land (Refer note (a) below)	3,078.09	3,090.64
Land - Floor space index (FSI)	171,014.66	170,710.05
Project work in progress (Refer note (b) below)	14,749.53	15,063.20
Total Inventories	**188,842.28**	**188,863.89**

Note:

a) **Cost of Land includes:**

i) ₹ 1,271.10 lakhs (31 March 2017 ₹ 1,271.10 lakhs) in respect of which sale deed is yet to be executed in favour of the Company.

ii) ₹ 10.64 lakhs (31 March 2017 ₹ 10.64 lakhs) in respect of which irrevocable Power of Attorney is obtained in favour of the Company.

iii) ₹ 35.67 lakhs (31 March 2017 ₹ 35.67 lakhs) not covered by the Master Plan in respect of which sale deed is yet to be executed in favour of the Company.

(b) Technical surveys/estimates are involved in respect of physical verification procedures / determination of project work-in-progress / related costs. These estimates are certified by the Company and have been relied upon by the auditors, as these are of a technical nature.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

LAVASA CORPORATION LIMITED MUMBAI

		As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
12	**Trade receivables**		
	(Unsecured, considered good unless otherwise stated)		
	Receivables from related parties (Refer note 31)		
	Unsecured, considered good	10,884.80	12,220.42
	Unsecured, considered doubtful	52,351.25	49,730.42
	Less: Provision for doubtful receivables	(52,351.25)	(49,730.42)
	Trade receivables from others		
	Unsecured, considered good	2,682.01	13,533.93
	Unsecured, considered doubtful	1,549.07	1,872.33
	Less: Provision for doubtful receivables	(1,549.07)	(1,872.33)
	Total trade receivables	**13,566.81**	**25,754.35**

Note - There are no receivables due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner or a member.

13	**Cash and cash equivalents**		
	Balances with banks	18.52	205.84
	Cash on hand	0.53	0.42
	Total cash and cash equivalents	**19.05**	**206.26**
14	**Asset classified as held for sale**		
	Buildings and capital work in progress (CWIP)	-	200.18
		-	200.18

The Company, intends to dispose of a parcel of land along with the building and CWIP constructed on it. Certain component of the building which was under construction has also been earmarked as held for sale in "as is where is" basis. Buyer for these assets has been identified and the carrying value has been adjusted against the booking advance received during the year ended 31 March 2018.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED * MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
16 Borrowings (Non-current)		
A) Non Convertible Debentures (NCD) - Secured		
1 (31 March 2017: 1) 10.75% NCD having face value of ₹ 1,000,000,000	14,608.89	13,121.35
Subscribed ₹ 10,000 lakhs in the form of Deep Discount Convertible Debentures ("DDCD") by a bank. On 3 September 2010, vide supplementary agreement, the bank converted the existing DDCD into 1 (one) NCD aggregating ₹ 10,000 Lakhs for the tenor of 5 years. This NCD with effect from 12 February 2014 carries a coupon rate of 12.50% per annum, payable quarterly on subscription amount. The investor and the ultimate holding company had a put/call option respectively to sell/ purchase the NCD at the end of 39th, 48th and 60th month from the closing date 13 May 2010. (Secured by exclusive charge created by English mortgage deed on land situated at village Dhamanhol Taluka Mulshi admeasuring 1 acre. Also, secured by second charge on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon).		
150 (31 March 2017: 150) 14% NCD having total face value of ` 150,000,000.	5,100.96	4,532.29
Subscribed ₹ 1,500 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carry a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 30 acres. Corporate guarantee to the extent 100% of outstanding balance given by the holding company)		
1,020 (31 March 2017: 1,020) 14% NCD having total face value of ₹ 994,500,000.	16,942.97	14,538.39
Subscribed ₹ 10,200 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carries a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by first pari passu charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets of the Company. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company).		
50 (31 March 2017: 50) 16% NCD having total face value of ₹ 2,500,000,000.	56,373.04	46,730.20
These NCDs carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and were to be redeemed on 6 January 2015. These NCD carry a put/call option which were exercisable on 6 January 2013, 6 January 2014 and 6 January 2015. (Secured by charge created by English mortgage deed on 747 acres of land)		
	93,025.86	78,922.23
Less: Classified under other financial liabilities (Refer note 17)	93,025.86	78,922.23
Subtotal (A)	-	-
B) Term loans - Secured		
Consortium loan from banks		
Loans (Refer note (i) below for security details)	80,777.36	83,740.45
Less: Classified under other financial liabilities (Refer note17)	80,777.36	79,959.20
	-	3,781.25
Other loan from banks		
Loans (Refer note (ii) below for security details)	70,200.83	70,310.05
Less: Classified under other financial liabilities (Refer note 17)	69,120.83	69,110.05
	1,080.00	1,200.00
Loan from others		
Loans (Refer note (iii) below for security details)	26,097.89	26,097.89
Less: Classified under other financial liabilities (Refer note 17)	24,755.04	14,498.59
	1,342.85	11,599.30
Subtotal (B)	2,422.85	16,580.55

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
(i) Consortium loan from banks		
Nature of security and terms of repayment		
Funded interest term loan from banks (FITL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 8 to 25 structured quarterly instalments commencing from March 2012 and ending in March 2018.	2,468.54	2,644.79
Funded interest term loan (FITL TL 1b) Carrying interest rate of 14.95 % p.a. is repayable in 8 structured quarterly instalments commencing from June 2014 and ending in March 2016.	653.00	653.00
Term loan from banks (TL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 25 structured quarterly instalments commencing from March 2012 and ending in March 2018	11,939.62	12,453.12
Carrying interest rate of 15.25 % p.a. is repayable in 23 structured quarterly instalments commencing from march 2012 and ending in March 2018	889.21	1,422.88
Term loan from banks (TL 1b) Interest rate ranging from 14.10% p.a. to 14.95 % p.a. is repayable in 6 to 25 structured quarterly instalments	29,359.69	30,261.91
Term loan from banks (TL 1c) Interest rate ranging from 12.60% p.a. to 13.35 % p.a. is repayable in 20 structured quarterly instalments commencing from June 2014 and ending in March 2019	35,467.29	36,304.75
Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company.		
	80,777.35	**83,740.45**
(ii) Other loan from banks		
a) Secured by exclusive registered mortgage of land of Lavasa project admeasuring 364 acres. Also second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	25,904.65	26,013.87
b) Secured by exclusive registered mortgage of land of Lavasa project admeasuring 62 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by shareholders to the extent of their equity shares in the Company.	6,997.18	6,997.18
c) Second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	22,500.00	22,500.00
d) Secured by exclusive registered mortgage of land of Lavasa Project admeasuring 188 acres. Also, first pari passu charged over 649 acres on pari passu charge basis together with loans taken by its subsidiary. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company.	14,799.00	14,799.00
	70,200.83	**70,310.05**
Terms of repayment		
Carrying interest rate ranging from 13.10 % p.a. to 15.85% is repayable in 12 structured quarterly instalments commencing from June 2018 and ending in March 2021	47,700.83	47,810.05
Carrying interest rate ranging from 10.56% p.a. to 14.40 % p.a. is repayable in 6 to 14 structured quarterly instalments commencing from March 2017 and ending in March 2021	22,500.00	22,500.00
	70,200.83	**70,310.05**
(iii) Loans from others		
a) Secured by exclusive registered mortgage of land of Lavasa project admeasuring 169 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by the shareholders.	7,570.72	7,570.72
b) First pari passu charged by way of registered mortgage of land of Lavasa project admeasuring 26 acres and corporate guarantee to the extent 100% of outstanding balance given by the shareholders	11,020.38	11,020.38
c) Secured by exclusive registered mortgage on piece and parcel of the Land admeasuring 6 acres or thereabout being Lot No. 202 situated on Thicket Street, Survey No. 113, Hissa No. 1, Survey No. 103, Hissa No. 1, of Village Dasve, Taluka Mulshi, District Pune, Maharashtra, and the said twenty two (22) Buildings admeasuring not more than 160,000 sq ft. built up area equivalent to 14,869.88 sq mtrs or thereabout to be constructed on the said Land. Corporate guarantee to the extent 100% of outstanding balance have been given by promoters.	7,506.79	7,506.79
	26,097.89	**26,097.89**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Terms of repayment		
Carrying interest rate of 18.50 % p.a. is repayable post 2 years from the effective date of disbursement of loan i.e. on 24 April 2012, in 16 structured quarterly installments commencing from April 2014 and ending in January 18.	8,975.00	8,975.00
Carrying interest rate of 15.75 % p.a. is repayable post 3 years 9 months from the effective date of disbursement of loan in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	7,570.73	7,570.73
Carrying interest rate of 14.00 % p.a. is repayable post 3 years 8 months from the effective date of disbursement of loan i.e. on 13 October 2014, in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	2,045.38	2,045.38
Carrying interest rate of 10.56 % p.a. is repayable in 14 structured quarterly installments commencing from June 2016 and ending in September 2019	7,506.79	7,506.79
	26,097.90	26,097.90
C) Fully Convertible Debenture- Unsecured		
1 (31 March 2017: 1) 0% Fully Convertible Debenture having face value of ₹ 120,000,000	2,218.61	1,937.65
FCD subscribed on 28 September 2012 for a tenor of 2 years, which is compulsorily convertible into such number of equity shares aggregating 0.150528% of the subscribed and outstanding equity share capital at the end of 2 years from the date of allotment. The Company has an option to redeem the said FCD at redemption value of ₹ 1,505.28 lakhs at the end of 2 years from the date of allotment. The said option to convert has been extended further for a period of 4 years from 27 September 2014		
Less: Classified under other financial liabilities (Refer note 17)	2,218.61	-
	-	1,937.65
Subtotal (C)	-	1,937.65
D) Share Warrants - Unsecured		
Share warrants	456.83	703.44
Share warrant issued on preferential basis with a warrant subscription price of ₹ 812,500,000 to subscribe to 2.03125% of the fully diluted equity share capital of the Company as on the date of exercise of the warrant which can be exercised at any time within a further extended period of 4 years over the earlier period of 9 years (warrant exercise period) from the closing date i.e. 30 March 2009. Party can exercise the warrant in part or whole for a maximum 5 times during the above warrant exercise period or at the time of Initial Public Offer (IPO). Any non conversion during the above period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.		
Less: Classified under other financial liabilities (Refer note 17)	-	-
	456.83	703.44
Share warrants	9.30	8.06
Share warrant amounting to ₹ 585,000,000 issued on preferential basis with a warrant subscription price of ₹ 1,000,000 per warrant. This warrant entitles to subscribe to 1.4625% of the fully diluted equity share capital of the Company as on the date of exercise of the share warrant which can be exercised at any time till 30 September 2018. Party can exercise the share warrant in part or whole for a maximum 5 times during the warrant exercise period or at the time of IPO. Any non conversion during the period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.		
Less: Classified under other financial liabilities (Refer note 17)	9.30	-
	-	8.06
Subtotal (D)	456.83	711.50
E) Liability component of financial instruments [refer note (I) below]		
Compulsory convertible preference shares	46,247.89	40,391.16
525,000,000 (31 March 2017 - 525,000,000) 0.001% compulsorily convertible preference shares of ₹ 10 each fully paid up		
Less: Classified under other financial liabilities	-	-
	46,247.89	40,391.16
Cumulative redeemable preference shares (refer note II below)	12,086.52	10,555.90
37,249,997 (31 March 2017 - 37,249,997) 6% cumulative redeemable preference shares of ₹ 10 each fully paid up		
Less: Classified under other financial liabilities (Refer note 17)	1,690.52	-
	10,396.00	10,555.90
	56,643.89	50,947.06
Total long term borrowings (A+B+C+D+E)	59,523.57	70,176.76

Lavasa Corporation Limited
Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2018

16.1 **Notes on borrowings:**

(a) **Summary of default in repayment**

Default in repayment of principal and interest amount as at 31 March 2018:

Particualrs	0 - 180 days		Above 180 days		Total	
	Principle	Interest	Principle	Interest	Principle	Interest
Debentures	1,275.00	6,925.92	40,759.00	37,456.20	42,034.00	44,383.12
Loan from others	33,945.26	19,813.75	137,902.22	54,378.12	171,847.48	74,191.87

(b) 'Non-current borrowings' and 'other current financial liabilities' include balances amounting to ₹ 53,716.20 lakhs and ₹ 253,041.08 lakhs, respectively as at 31 March 2018 which were classified as Non-Performing Assets (NPAs) by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, the Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Company's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

(c) The Company has defaulted in repayment of interest and principal to the non-convertible debenture holders (secured against land asset of the Company) listed on BSE. The Company is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management expects that such defaults will not have any implications on the financial results. Further, in view of the loss for the year, the Company has not created the Debenture Redemption Reserve for a cumulative amount of ₹ 8,774.58 lakhs (31 March 2017: ₹ 8,774.58 lakhs) in terms of Section 71(4) of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. The Company shall create the Debenture Redemption Reserve out of profits, if any, in the future years. As required by provision of Section 73 of the Act, the Company is required to deposit 15 per cent of the amount maturing during the next financial in a scheduled bank which has not been deposited considering the present financial condition of the Company.

(d) Net debt reconciliation

Particulars	31 March 2018 ₹ in lakhs	31 March 2017 ₹ in lakhs
Cash and cash equivalents	19.05	206.26
Liquid investments	4.90	4.41
Current borrowings	(387,655.84)	(318,929.51)
Non-current borrowings	(59,523.57)	(70,176.76)
Net debt	**(447,155.46)**	**(388,895.60)**

Particualrs	Other assets		Liabilities from financing activities		Total
	Cash and bank overdraft	Liquid investments	Non-current borrowings	Current borrowings	
Net debt as at 31 March 2017	206.26	4.41	(70,176.76)	(318,929.51)	(388,895.60)
Cash flows	(187.21)	-	2,960.58	10.00	2,783.37
Foreign exchange adjustments	-	-	-	-	-
Interest expense	-	-	-	(63,206.57)	(63,206.57)
Interest paid	-	-	-	2,315.92	2,315.92
Other non-cash movements					-
- Fair value adjustments	-	0.60	355.67	-	356.27
- Liabilities converted into borrowings	-	-	-	(508.74)	(508.74)
- Classified into current maturity	-	(0.10)	7,336.94	(7,336.94)	(0.10)
Net debt as at 31 March 2018	**19.05**	**4.91**	**(59,523.57)**	**(387,655.84)**	**(447,155.44)**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

I) Compulsorily convertible preference shares

Reconciliation of preference shares outstanding at the beginning and at the end of the year

i)

Compulsorily convertible preference shares	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ lakhs	No of shares	₹ lakhs
At the beginning of the year	525,000,000	52,500.00	525,000,000	52,500.00
Shares issued during the year	-	-	-	-
At the end of the year	**525,000,000**	**52,500.00**	**525,000,000**	**52,500.00**

ii) Details of shareholders holding more than 5% of preference shares of the Company

Compulsorily convertible preference shares	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
Axis Bank	525,000,000	100.00%	525,000,000	100.00%

iii) Conversion terms, rights and restrictions attached to compulsorily convertible preference shares (CCPS) :

a) In case of equity raising other than through IPO – the investor will have an option to convert in to equity shares at 20% discount to the last available price of such

b) In case of equity raising by way of IPO – the investor will mandatory convert into equity shares at 20% discount to the proposed IPO price band.

c) The CCPS with accrued YTM of 12% p.a. will be mandatorily be converted into equity shares at the end of 20 years. The conversion will happen at higher of price at which last equity raised or at book value as per latest audited balance sheet prior to the date of conversion.

d) The CCPS instrument holder has a put option on the holding company w.e.f. 30 September 2017 while the holding company has a call option on the CCPS

II) Cumulative redeemable preference shares

i)

Cumulative redeemable preference shares	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ lakhs	No of shares	₹ lakhs
At the beginning of the year	37,249,997	3,725.00	37,249,997	3,725.00
Shares issued during the year	-	-	-	-
At the end of the year	**37,249,997**	**3,725.00**	**37,249,997**	**3,725.00**

ii) Details of shareholders holding more than 5% of preference shares of the Company and shares held by the holding Company.

Redeemable cumulative preference shares	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
HCC Real Estate Company Limited, Holding Company	22,400,097	60.13%	22,400,097	60.13%
Avantha Realty Limited	5,600,422	15.03%	5,600,422	15.03%
Venkateshwara Hatcheries Private Limited	5,152,697	13.83%	5,152,697	13.83%
Vinay V Maniar	4,094,646	10.99%	4,094,646	10.99%

iii) Redemption terms :

a) 27,000,000 cumulative redeemable preference shares will be redeemed in 3 instalments on 30 January 2020, 30 January 2021 and 30 January 2022 in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹10 each respectively.

b) 250,000 cumulative redeemable preference shares will be redeemed in 3 instalments on 5 June 2021, 5 June 2022 and 5 June 2023 in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹10 each respectively.

9,999,997 redeemable cumulative preference shares, will be redeemed in 3 instalments at the end of 7th, 8th and 9th year (i.e. 1 May 2018, 1 May 2019 and 1 May 2020 respectively) from the date of allotment (2 May 2011) in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹90 each in the same proportion respectively.

iv) Rights and restrictions :

Dividend on redeemable cumulative preference shares proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting. Each holder of preference share is entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to preference shares. Cumulative preference shareholders are entitled to vote on every resolution if preference dividend remains unpaid for 2 years. As per the Common Loan Agreement with consortium lenders, the Company has to satisfy the conditions set therein before declaring preference dividend.

17 Other financial liabilities

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Non-current		
Financial guarantee contracts	19,858.98	21,144.60
Performance security deposits	65,632.11	64,996.25
Total non-current financial liabilities	**85,491.09**	**86,140.85**
Current		
Security deposits	305.27	360.70
Financial guarantee contracts	1,285.62	1,285.32
Performance security deposits	20,029.79	4,132.89
Current maturities of long term borrowings (including overdue amounts)		
Term loan from banks	149,898.19	149,069.25
Term loan from others	24,755.04	14,498.59
Debentures	95,244.47	78,922.23
Share warrants	9.30	-
Cumulative redeemable preference shares	1,690.52	-
Interest accrued and due on borrowings	74,191.87	39,041.89
Interest on Inter corporate deposits from related parties	8,100.51	5,771.61
Retention deposits	1,978.17	3,542.44
Employee related payables	448.03	297.09
Total current financial liabilities	**377,936.78**	**296,922.01**
Total financial liabilities	**463,427.87**	**383,062.86**

18 Provisions

Non-current		
Provision for employee benefits (Refer Note 36)		
- Gratuity	72.68	21.06
- Leave entitlement and compensated absences	17.58	11.04
Total non-current provisions	**90.26**	**32.10**
Current		
Provision for employee benefits (Refer Note 36)		
- Gratuity	16.02	1.37
- Leave entitlement and compensated absences	40.33	30.85
Provisions for foreseeable losses (Refer note 18.1)	3,477.04	4,027.76
Total current provisions	**3,533.39**	**4,059.98**
Total provisions	**3,623.65**	**4,092.08**

Note 18.1 - The Company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

19 Current borrowings (unsecured)

Inter corporate deposits from related parties (repayable on demand)**	33,765.94	31,625.94
Total current borrowings	**33,765.94**	**31,625.94**

**Inter corporate deposits taken from the holding company and ultimate holding company are at an effective interest rate of 12.50% p.a. repayable on demand.

20 Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note (a) below)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
- related parties (Refer note 31)	3,107.58	2,389.73
- others	18,687.60	24,223.78
Total trade payables	**21,795.18**	**26,613.51**

(a) The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have been on the basis of information available with the Company. Management believes that figures for disclosure, if any, will not be significant.

(b) Trade payables are non interest bearing and are normally settled as per the payment terms attached in the contract.

21 Other current liabilities

Booking advances	17,708.04	25,216.07
Statutory dues payable	1,167.49	1,045.20
Total other current liabilities	**18,875.53**	**26,261.27**

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

		As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
15	**Equity share capital**		
	Authorised share capital		
	2,500,000,000 (31 March 2017: 2,500,000,000) equity shares of ₹ 10 each	250,000.00	250,000.00
	200,000,000 (31 March 2017: 200,000,000) 6% redeemable cumulative preference shares of ₹ 10 each	20,000.00	20,000.00
	125,000,000 (31 March 2017: 125,000,000) cumulative preference shares of ₹ 10 each	12,500.00	12,500.00
	825,000,000 (31 March 2017: 825,000,000) 0.001% compulsorily convertible preference shares of ₹ 10 each	82,500.00	82,500.00
	Total authorised share capital	**365,000.00**	**365,000.00**
	Issued share capital:		
	795,944,363 (31 March 2017: 795,944,363) equity shares of ₹ 10 each	79,594.44	79,594.44
	38,000,000 (31 March 2017: 38,000,000) 6% redeemable cumulative preference shares of ₹ 10 each	3,800.00	3,800.00
	525,000,000 (31 March 2017: 525,000,000) 0.001% compulsorily convertible preference share of ₹ 10 each	52,500.00	52,500.00
	Total issued share capital	**135,894.44**	**135,894.44**
	Subscribed and paid up share capital:		
	795,944,363 (31 March 2017: 795,944,363) equity shares of ₹ 10 each fully paid up	79,594.44	79,594.44
	Total subscribed and paid up share capital	**79,594.44**	**79,594.44**

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

	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ in lakhs	No of shares	₹ in lakhs
At the beginning of the year	795,944,363	79,594.44	795,944,363	79,594.44
Issued during the year	-	-	-	-
At the end of the year	**795,944,363**	**79,594.44**	**795,944,363**	**79,594.44**

b) Details of shareholders holding more than 5% of shares of the Company and shares held by Holding and Ultimate Holding Company:

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
Equity shares of ₹ 10 each fully paid				
Promoter				
Hindustan Construction Company Limited (HCC), Ultimate Holding Company	2,387	^	2,387	^
HCC Real Estate Company Limited (HREL), Holding Company	546,842,513	68.70%	546,842,513	68.70%
Non-promoter				
Avantha Realty Limited	124,933,409	15.70%	124,933,409	15.70%
Venkateshwara Hatcheries Private Limited	62,142,192	7.81%	62,142,192	7.81%
Vinay V Maniar	50,033,488	6.29%	50,033,488	6.29%

^ less than 0.01%

c) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

d) Rights and restriction attached to equity shareholders:

The Company has only one class of equity shares having face value as ₹ 10 per share. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. Any dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. The Company has issued Non-convertible debentures (NCD) and as per the agreement with the NCD holder, the Company is required to obtain prior consent of NCD holders before declaring equity dividend. As per the Common loan agreement with the consortium lenders, the Company is required to satisfy the conditions set therein before declaring equity dividend.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

LAVASA CORPORATION LIMITED * MUMBAI *

e) Employees Stock Option Scheme:

a. Options granted

i) The Company granted 154,200 Stock Options on 21 April 2008 (each option carrying entitlement of one equity share of the face value of ₹ 10 each) at an exercise

ii) The ESOP Compensation committee at its meeting held on 20 October 2009 granted 49,000 additional options to existing option holders at an exercise price of ₹ 534.52 per equity share for making an adjustment to the number of options on account of the increase in the equity share capital of the Company, post grant of the initial options.

iii) The ESOP Compensation committee at its meeting held on 11 June 2010 granted 1,516,560 additional options to existing option holders at an exercise price of ₹ 59.39 per equity share for making an adjustment to the number of options on account of the increase in the equity share capital of the Company, due to bonus issue of equity shares.

iv) The ESOP Compensation committee at its meeting held on 11 June 2010 also approved the adjustment / modification of exercise price mentioned in (i) and (ii) above to ₹ 59.39 per equity share due to bonus issue of equity shares.

v) The ESOP Compensation Committee at its meeting held on 30 July 2010 granted 243,736 additional options to existing option holders at an exercise price of ₹ 51.97 per equity share for making an adjustment to the number of options on account of the increase in the equity share capital of the Company, due to bonus issue of equity shares.

vi) The ESOP Compensation committee at its meeting held on 30 July 2010 also approved the adjustment / modification of exercise price mentioned in (i), (ii) and (iii) above to ₹ 51.97 per equity share due to bonus issue of equity shares.

vii) The ESOP Compensation Committee at its meeting held on 23 April 2012 approved the change in entitlement in respect of the 1,725,740 options granted to the eligible employees, from the existing ratio of 1:1 i.e. one share for every option exercised to 49 : 30 i.e. 49 equity shares for every 30 options exercised (fraction if any, arising in the resultant shares to be ignored). The said adjustment is made on account of the increase in the equity share capital of the Company, due to various rights issues of equity shares made during the financial year 2011-12. The exercise price per option shall remain unchanged at ₹ 51.97 per option.

b. Settlement : Through Equity Shares
c. Options granted till date : 1,963,496
d. Exercise period : Four years from the vesting date
e. Details of movement in options: :

	As at 31 March 2018 (No. of options)	As at 31 March 2017 (No. of options)
Outstanding at the beginning of the year	430,305	874,064
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired / cancelled / lapsed during the year	430,305	443,759
Outstanding at the end of the year	-	430,305
Exercisable at the end of the year	-	430,305

Note: During the current year, all the options existing as at 31 March 2017 have been lapsed and accordingly no charge has been made to the statement of profit and loss.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED
MUMBAI

	Year ended 31 March 2018 (₹ lakhs)	Year ended 31 March 2017 (₹ lakhs)
22 Revenue from operations		
Land sales	239.46	4,280.26
Contract revenue	2,544.26	2,153.21
Revenue from operations	**2,783.72**	**6,433.47**
Other operating revenue		
Sale of project materials	-	0.16
Total revenue from operations	**2,783.72**	**6,433.63**
23 Other Income		
Interest income		
- on fixed deposits	33.58	37.60
- on inter corporate deposits	2,279.39	1,846.60
- on financial instruments at amortised cost	9,280.71	50,640.55
- on income tax refund	14.96	107.35
Other non-operating income		
- scrap sales	0.08	1.42
- rental income	68.10	84.72
- profit on sale of property, plant and equipment (net)	0.91	0.03
- excess provision for earlier years written back	12.47	724.87
- insurance claim received	-	151.30
- share of allocation for miscellaneous activities	919.63	671.96
- miscellaneous	474.90	305.60
Total other income	**13,084.73**	**54,572.00**
24 Construction expenses		
Land purchased / acquired	10.75	152.06
Civil work and contract charges (net of recoveries)	802.26	4,136.60
Power, fuel and water	376.49	107.34
	1,189.50	**4,396.00**
Less : Inventorised	0.11	40.04
Total construction expenses	**1,189.39**	**4,355.96**
25 Changes in inventories		
Opening inventory	188,863.89	186,056.69
Less: Closing inventory	188,842.28	188,863.89
Total changes in inventories	**21.61**	**(2,807.20)**
26 Employee benefits expense		
Salaries and wages	684.28	777.39
Contribution to provident and other funds (Refer note 36)	104.43	49.70
Staff welfare	117.30	137.19
Total employee benefits expense	**906.01**	**964.28**
27 Finance cost		
Interest expense on:		
- term loans	37,348.41	35,249.42
- debentures	14,427.10	12,156.31
- inter corporate deposits	4,214.24	3,944.98
- delayed payment of statutory dues	146.08	134.47
- other financial instruments	21,486.82	16,604.70
Other borrowing costs		
- guarantee commission	760.46	732.00
- others	104.68	334.97
Total finance costs	**78,487.79**	**69,156.85**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

LAVASA CORPORATION LIMITED * MUMBAI

	Year ended 31 March 2018 (₹ lakhs)	Year ended 31 March 2017 (₹ lakhs)
28 Other expenses		
Legal and professional	775.33	971.82
Insurance	28.38	22.03
Marketing and selling	106.69	87.72
Repairs and maintenance	298.86	77.78
Communication	39.39	59.23
Operating and maintenance	372.84	415.76
Rent (Refer note (a) below)	185.20	241.17
Rates and taxes	110.58	71.12
Hire charges	120.40	129.02
Security charges	15.15	14.89
Housekeeping charges	108.13	82.75
Impairment allowances		
- On trade receivables	2,297.57	-
- Investment in subsidiaries	1,048.19	754.47
- Others		
- On inter corporate deposits	-	4,802.00
- Advance to suppliers	74.95	1,158.83
- Others (net of reversals)	-	347.92
Payment to auditors		
- Statutory audit fees	21.06	10.32
- Limited review fees	4.00	4.18
- Other services	14.00	-
Miscellaneous expenses	252.71	453.16
Total other expenses	**5,873.43**	**9,704.17**

Notes:

(a) **Operating lease**

The Company has taken various equipment and assets under non-cancellable operating leases. The future minimum lease payments in respect of the these as at 31 March 2018 are as follows:

Particulars	**As at 31 March 2018 In ₹ lakhs**	**As at 31 March 2017 In ₹ lakhs**
A. Future lease rental payments		
- Payable not later than one year	185.20	207.26
- Payable later than one year and not later than five years	-	283.69
- Payable later than five years	-	11.01
B. Lease payment recognised during the year	185.20	241.17

The lease agreements provide for an option to the Company to renew the lease period at the end of the non cancellable period. There are no exceptional/ restrictive covenants in the lease agreements further the Company has entered into cancellable operating lease for office premises and employee accommodation. Tenor of the leases generally vary between one year to four years. Terms of the lease include operating terms for renewal, terms of cancellation etc. Lease payments in respect of above leases are recognised in the statement of the profit and loss under the head "Other expenses".

C. General description of the leasing arrangement:

- Leased assets : employee accommodation, office premises
- Future lease rental payments are determined on the basis of lease payable as per the agreement.

(b) The Company is not liable to incur any expenses on CSR as per section 135 of the Companies Act, 2013.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED * MUMBAI

29 Contingent liabilities and commitments

(A) Contingent liabilities

		As at 31 March 2018 in ₹ lakhs	As at 31 March 2017 in ₹ lakhs
(i)	Guarantees given by banks on behalf of the Company	183.35	183.35
(ii)	Claims against the Company not acknowledged as debts	4,180.40	4,486.96
(iii)	Corporate guarantees given on behalf of subsidiary companies	675.05	675.05
(iv)	Service tax and MVAT litigation pending with department	103.69	28.95

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities except in respect of matter stated in (iv) above. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

(v) Others

(a) The Company has created security by way of registered mortgage over 259.6622 acres of land (31 March 2017: 259.6622 acres) on term loan taken by its subsidiaries viz. Warasgaon Asset Maintenance Limited and Warasgaon Power Supply Limited.

(b) The Company has created security by way of registered mortgage over 231.6628 acres of land (31 March 2017: 231.6628 acres) situated in 5 villages namely Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, Dist. Pune, Maharashtra, towards redeemable non convertible debentures of ₹ 12,000 lakhs issued by a bank to its ultimate holding company.

(c) The Company has created security by way of registered mortgage over 46.90 acres (31 March 2017: 46.90 acres) of land situated in 3 villages namely village Wadawali, Sakhari and Dhamanhol in Taluka Mulshi, Dist. Pune, Maharashtra towards term loan of ₹ 2,500 lakhs taken by its holding company.

(d) During the current year, in response to appeal filed by certain customers of the Company, Maharashtra Real Estate Appellate Tribunal (Appellate Tribunal) set aside the order of the Maharashtra Real Estate (Regulation & Development) Authority (MahaRERA) and adjudicated that the Real Estate (Regulation & Development) Act (RERA) is applicable to the transactions in the nature of lease entered by the Company with its customers. The Company's management is of the view that the ongoing projects in the township were registered with MahaRERA, because it has various types of transactions, including lease of villas / apartments / shops. The Company has filed an appeal in the High Court challenging the order of the Appellate Tribunal which is presently sub judice. Based on the contractual terms, the management believes that it has a good case and no provision is required in respect of this matter.

30 Disclosure in accordance with Ind AS 11 'Construction contracts' - Amount due from / to customers on Construction Contracts

	As at 31 March 2018 in ₹ lakhs	As at 31 March 2017 in ₹ lakhs
Contract revenue for the year	2,544.26	2,153.21
Aggregate amount of cost incurred and recognized profits less recognized losses up to the reporting date on contract under progress	39,613.36	39,907.41
Advances received from contractees	17,708.04	25,216.07
Retention money	-	-
Gross amount due from customer for contract work (net of retention)	13,566.81	25,754.35
Gross amount due to customer for contract work	-	-

31 Disclosure in accordance with Ind AS 24 Related Party Transactions

I) Names of related parties and nature of relationship

A) Holding Company and Ultimate Holding Company

Hindustan Construction Company Limited (HCC) - Ultimate holding company
HCC Real Estate Limited (HREL) - Holding company

B) Subsidiaries

	Country of incorporation	Company's holding as at (%) 31 March 2018	31 March 2017
Dasve Business Hotel Limited	India	100%	100%
Dasve Convention Center Limited	India	100%	100%
Dasve Hospitality Institutes Limited	India	100%	100%
Dasve Retail Limited	India	100%	100%
Full Spectrum Adventure Limited	India	91%	91%
Future City Multiservice Sez Limited	India	100%	100%
Green Hills Residences Limited (effective 25 July 2017)	India	100%	0%
Hill City Service Apartments Limited	India	100%	100%
Hill View Parking Services Limited	India	100%	100%
Kart Racers Limited	India	90%	90%
Lakeview Clubs Limited	India	100%	100%
Lakeshore Water sports Company Limited	India	100%	100%
Lavasa Bamboocrafts Limited	India	100%	100%
Lavasa Hotel Limited	India	100%	100%
Mugaon Luxury Hotels Limited	India	100%	100%
My City Technology Limited	India	63%	63%
Nature Lovers Retail Limited	India	100%	100%
Our Home Service Apartments Limited	India	100%	100%
Reasonable Housing Limited	India	100%	100%
Rhapsody Commercial Space Limited	India	100%	100%
Rosebay Hotels Limited	India	100%	100%
Sahyadri City Management Limited	India	100%	100%
Valley View Entertainment Limited	India	100%	100%
Verzon Hospitality Limited	India	100%	100%

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

CORPORATION LIMITED MUMBAI

Lavasa Corporation Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2018

	Country of incorporation	Company's holding as at (%) 31 March 2018	31 March 2017
B) Subsidiaries			
Warasgaon Assets Maintenance Limited	India	100%	100%
Warasgaon Infrastructure Providers Limited	India	100%	100%
Warasgaon Power Supply Limited	India	100%	100%
Warasgaon Tourism Limited	India	100%	100%
Warasgaon Valley Hotels Limited	India	100%	100%
C) Fellow subsidiaries (with whom transactions have taken place during the year)			
HCC Realty Limited	India		
HCC Aviation Limited	India		
Steiner India Limited	India		
Western Securities Limited	India		
Highbar Technologies Limited	India		
Pune Paud Toll Road Company Limited	India		
D) Other Related Parties			
Associates			
Knowledge Vistas Limited	India	49.00%	49.00%
Warasgaon Lakeview Hotels Limited	India	24.56%	19.19%
Joint ventures			
Andromeda Hotels Limited	India	40%	40%
Ecomotel Hotel Limited	India	51%	51%
Green Hills Residences Limited (upto 25 July 2017)	India	60%	60%
Spotless Laundry Services Limited	India	76%	76%
Whistling Thrush Facilities Services Limited	India	51%	51%
Starlit Resort Limited	India	26.00%	26.00%
Bona Sera Hotels Limited	India	26.00%	26.00%
Apollo Lavasa Health Corporation Limited	India	49.00%	49.00%

B) Key Management Personnel

Mr. Rajiv Duggal	Chief Executive Officer (till 18 May 2017)
Mr. Praveen Sood	Chief Executive Officer (effective 19 May 2017)
Mr. Vinayak Jadhav	Chief Financial Officer (till 24 August 2017)
Mr. Sandeep Gurav	Company Secretary (effective 24 August 2017)

II) Transactions with related parties :

i) Transactions during the year	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Services received	**714.00**	**5,195.68**
Holding Company and Ultimate Holding Company	395.51	417.84
Subsidiaries	55.63	67.68
Joint Venture	13.38	4.89
Subsidiaries of Holding / Ultimate Holding Company	249.48	4,560.04
Others	-	145.23
Services rendered	**864.83**	**675.11**
Subsidiaries of Holding / Ultimate Holding Company	2.41	4.86
Subsidiaries	830.94	634.64
Joint Venture	31.48	28.12
Others	-	7.49
Inter corporate deposit taken	**2,155.00**	**2,335.00**
Holding Company and Ultimate Holding Company	2,155.00	2,310.00
Subsidiaries of Holding / Ultimate Holding Company	-	25.00
Interest expenses on inter corporate deposit	**4,214.24**	**3,944.98**
Holding Company and Ultimate Holding Company	4,211.11	3,942.00
Subsidiaries of Holding / Ultimate Holding Company	3.13	2.98
Interest income on inter corporate deposit given	**2,279.38**	**1,846.60**
Subsidiary	1,499.35	1,105.54
Joint Venture	780.03	741.06
Inter corporate deposit given	**59.73**	**6,327.65**
Subsidiary	3.50	4,009.97
Joint Venture	56.23	1,825.79
Others	-	491.89
Remuneration to key managerial personnel	-	**11.57**
Construction / land sale	-	**1,941.68**
Holding Company and Ultimate Holding Company	-	502.25
Subsidiaries	-	1,439.43
Expenditure incurred on behalf of related parties	**6.01**	-
Subsidiary	4.69	-
Joint Venture	0.55	-
Associate	0.77	-

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

	Year ended 31 March 2018 (₹ in lakhs)	Year ended 31 March 2017 (₹ in lakhs)
Repayment of inter corporate deposit given	**280.51**	**270.57**
Subsidiary	-	-
Joint Venture	-	270.57
Associate	280.51	-
Repayment of inter corporate deposit received	**15.00**	**0.53**
Holding Company and Ultimate Holding Company	15.00	0.53
Equity share contribution	-	**150.00**
Joint Venture	-	150.00
Deemed equity investment against inter corporate deposit and interest accrued	**96.40**	-
Joint Venture	96.40	-
Corporate guarantees received on behalf of the Company	**690.47**	-
Holding Company and Ultimate Holding Company	690.47	

Outstanding as at year end	As at 31 March 2018 (₹ in lakhs)	As at 31 March 2017 (₹ in lakhs)
Interest accrued and due on intercorporate deposit given	**2,270.70**	**1,679.73**
Subsidiary	1568.67	1009.96
Joint Venture	702.03	669.77
Interest accrued and due on intercorporate deposit received	**8,100.51**	**5,771.60**
Holding Company and Ultimate Holding Company	8,095.02	5,768.92
Subsidiaries of Holding / Ultimate Holding Company	5.49	2.68
Intercorporate deposit received	**33,765.94**	**31,625.94**
Holding Company and Ultimate Holding Company	33,740.94	31,600.94
Subsidiaries of Holding / Ultimate Holding Company	25.00	25.00
Intercorporate deposit given	**23,439.09**	**55,362.12**
Subsidiaries	17,804.54	37,511.48
Joint Venture	5,634.48	2,793.84
Associate	0.07	0.07
Others	-	15,056.73
Advance / deposit received	**647.83**	**647.83**
Holding Company and Ultimate Holding Company	144.76	144.76
Subsidiaries	0.54	0.54
Subsidiaries of Holding / Ultimate Holding Company	502.53	502.53
Advance / deposit given	**217.99**	**654.21**
Subsidiaries	208.36	71.66
Subsidiaries of Holding / Ultimate Holding Company	9.63	582.55
Trade receivables	**63,236.06**	**61,950.84**
Holding Company and Ultimate Holding Company	11,974.95	11,974.95
Subsidiaries	49,895.24	49,447.14
Joint Venture	455.75	445.31
Associate	798.07	74.99
Subsidiaries of Holding / Ultimate Holding Company	112.05	8.45
Trade payables	**3,107.58**	**2,389.73**
Holding Company and Ultimate Holding Company	691.58	691.58
Subsidiaries	1,350.31	404.35
Joint venture	324.13	537.74
Subsidiaries of Holding / Ultimate Holding Company	741.56	756.06
Corporate guarantees received on behalf of the Company	**21,144.60**	**22,429.92**
Subsidiaries	21,050.25	22,314.07
Associate	87.57	100.07
Joint venture	6.78	15.78
Corporate guarantees and bank guarantees given	**5,060.04**	**5,130.02**
Holding Company and Ultimate Holding Company	5,060.04	5,130.02

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

CORPORATION LIMITED MUMBAI

ii) **Options granted to Key Management Personnel under Employee Stock Option Scheme**

	Number of options outstanding	
	As at 31 March 2018	**As at 31 March 2017**
Mr. Vinayak Jadhav	-	224.126
Total	**-**	**224.126**

iii) Refer notes 16 and 29(v) for personal guarantees provided by the promoter, shares pledged and other security created in respect of borrowing by the Company or the related parties.

iv) Refer note 5 for pledge of shares for facilities taken by subsidiaries and joint venture.

32 Earnings per share:

		Year ended 31 March 2018	Year ended 31 March 2017
A. Loss computation for basic earnings per share of ₹ 10 each			
Loss as per the statement of profit and loss available for equity shareholders	(₹ lakhs)	(68,207.91)	(16,629.66)
B. Less: Preference dividend on cumulative preference shares including distribution tax		-	-
Loss after preference dividend as stated above	(₹ lakhs)	(68,207.91)	(16,629.66)
C. Weighted average number of equity shares for earning per share computation	(Nos.)	795,944,363	795,944,363
D. Loss per share - basic and diluted*	(₹)	(8.57)	(2.09)

* Potential equity shares are anti-dilutive as their conversion to equity shares would decrease loss per equity shares from ordinary business activities. Therefore the effect of anti-dilutive potential equity has been ignored in computing dilutive earning per share.

33 Financial Instruments

A Financial Instruments by category

The carrying value and the fair value of financial instruments by each category as at 31 March 2018 :

(In ₹ lakhs)

Particulars	Financial assets / liabilities at amortised cost	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets					
Investments					
Investments in preference shares	17,958.62	-	-	17,958.62	17,958.62
Investments in equity shares (unquoted)	-	-	5.10	5.10	5.10
Investments in equity shares (quoted)	-	-	4.90	4.90	4.90
Investment in other equity instruments	102,013.97	-	-	102,013.97	102,013.97
Loans	21,469.41	-	-	21,469.41	21,469.41
Trade receivables	13,566.81	-	-	13,566.81	13,566.81
Cash and cash equivalents and other bank balances	19.05	-	-	19.05	19.05
Other financial assets	4,542.85	-	-	4,542.85	4,542.85
Liabilities					
Borrowings	93,289.51	-	-	93,289.51	93,289.51
Trade payables	21,795.18	-	-	21,795.18	21,795.18
Other financial liabilities	463,427.87	-	-	463,427.87	463,427.87

The carrying value and the fair value of financial instruments by each category as at 31 March 2017:

(In ₹ lakhs)

Particulars	Financial assets / liabilities at amortised cost	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets					
Investments					
Investments in preference shares	18,461.26	-	-	18,461.26	18,461.26
Investments in equity shares (unquoted)	-	-	905.34	905.34	905.34
Investments in equity shares (quoted)	-	-	4.41	4.41	4.41
Investment in other equity instruments	102,011.02	-	-	102,011.02	102,011.02
Trade receivables	25,754.35	-	-	25,754.35	25,754.35
Loans	19,774.34	-	-	19,774.34	19,774.34
Cash and cash equivalents and other bank balances	206.26	-	-	206.26	206.26
Other financial assets	4,225.12	-	-	4,225.12	4,225.12
Liabilities					
Borrowings	101,802.70	-	-	101,802.70	101,802.70
Trade payables	26,613.51	-	-	26,613.51	26,613.51
Other financial liabilities	383,062.86	-	-	383,062.86	383,062.86

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	31 March 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in preference shares	-	-	-	-	-	-
Investments in equity shares	4.90	-	5.10	4.41	-	905.34

34 **Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i **Market risk**

Market risk is the risk that the fair value of 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. Major financial instruments affected by market risk includes loans and borrowings.

a **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

Interest rate sensitivity

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:

	31 March 2018 ₹ in lakhs	31 March 2017 ₹ in lakhs
Increase in basis points	50 basis points	50 basis points
Effect on loss before tax, increase by	466.45	509.01
Decrease in basis points	50 basis points	50 basis points
Effect on loss before tax, decrease by	466.45	509.01

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.

b **Foreign currency risk**

The Company does not have significant outstanding balances in foreign currency and consequently the Company's exposure to foreign exchange risk is less. Although, the exchange rate between the rupee and foreign currencies has changed substantially in recent years, it has not affected the results of the Company.

The following table analysis foreign currency exposure as at 31 March 2018:

Particulars	USD	EURO	GBP
Assets			
Advance to suppliers	-	1.39	0.12
	-	1.39	0.12
Liabilities			
Trade payables	0.46	-	-
	0.46	-	-
Net assets / (liabilities)	(0.46)	1.39	0.12

The following table analysis foreign currency exposure as at 31 March 2017:

Particulars	USD	EURO	GBP
Assets			
Advance to suppliers	-	1.39	0.12
	-	1.39	0.12
Liabilities			
Trade payables	0.46	-	-
	0.46	-	-
Net assets / (liabilities)	(0.46)	1.39	0.12

Sensitivity analysis

The Company's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact of the operating profits/ (loss) of the Company.

c **Equity price risk**

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. As at balance date, the Company does not have significant exposure in listed securities and consequently the Company's exposure to price risk is less.

ii **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables and unbilled revenue, cash and cash equivalents and receivable from group companies.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED MUMBAI

a) For other customers, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

The following table gives details in respect of revenues generated from the top customer and top 5 customers for the year ended:

	31 March 2018 ₹ lakhs	31 March 2017 ₹ lakhs
Revenue from top customer	91.38	60.59
Revenue from top five customers	283.99	136.96

For the years ended 31 March 2018 and 31 March 2017, none of the customer, individually, accounted for more than 10% of the revenue.

The movement of the allowance for lifetime expected credit loss is stated below: ^

Balance at the beginning of the year	-	-
Balance at the end of the year	2,203.09	-

iii **Liquidity risk**

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity analysis of financial liabilities:

As at 31 March 2018

(In ₹ lakhs)

Particulars	On demand	Contractual Cash flow				
		0-12 Months	1-3 years	3-5 years	Above 5 years	Total
Borrowings	33,765.94	-	2,879.69	8,931.31	47,712.59	**93,289.53**
Trade payables	-	21,795.18	-	-	-	**21,795.18**
Other financial liabilities	-	377,936.79	22,012.04	12,748.95	50,730.11	**463,427.89**
Total	**33,765.94**	**399,731.97**	**24,891.73**	**21,680.26**	**98,442.69**	**578,512.60**

As at 31 March 2017

Particulars	On demand	Contractual Cash flow				
		0-12 Months	1-3 years	3-5 years	Above 5 years	Total
Borrowings	31,625.94		19,859.59	6,963.43	43,353.74	**101,802.71**
Trade payables	-	26,613.51	-	-	-	**26,613.51**
Other financial liabilities	-	296,922.01	18,746.91	11,588.47	55,805.48	**383,062.86**
Total	**31,625.94**	**323,535.52**	**38,606.50**	**18,551.90**	**99,159.22**	**511,479.08**

35 **Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital plus total debt.

	As at 31 March 2018 in ₹ lakhs	As at 31 March 2017 in ₹ lakhs
Total debts	447,179.40	389,106.26
Total capital employed	483,854.29	493,305.66
Total debt to capital employed ratio (Gearing ratio)	**0.92**	**0.79**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Also refer notes included under borrowings with respect to restructuring of loans.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

LAVASA CORPORATION LIMITED * MUMBAI

36 Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

A Defined benefit obligations - Gratuity (unfunded)

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.

		Year ended 31 March 2018 In ₹ lakhs	Year ended 31 March 2017 In ₹ lakhs
a)	**Change in defined benefit obligations**		
	Present value of obligation as at the beginning of the year	22.43	132.78
	Current service cost	3.43	22.36
	Interest expenses	4.52	6.85
	Past service cost	7.22	-
	Other obligations	57.98	(85.71)
	Benefits paid	(14.55)	(51.42)
	Remeasurements - net actuarial (gains)/ losses	7.67	(2.43)
	Present value of obligation as at the end of the year	**88.70**	**22.43**
b)	**Expenses recognised in the Statement of Profit and Loss**		
	Current service cost	3.43	22.36
	Past service cost	7.22	-
	Net interest on the net defined benefit obligations / assets	4.52	6.85
	Other obligations	57.98	-
	Total	**73.15**	**29.21**
c)	**Remeasurement (gains)/ losses recognised in OCI**		
	Actuarial changes arising from changes in financial assumptions	8.33	(3.03)
	Experience adjustments	(0.66)	0.60
	Total	**7.67**	**(2.43)**
d)	**Actuarial assumptions:**		
	Discount rate	7.70 % p.a.	8.00 % p.a.
	Rate of increase of compensation levels	7.50 % p.a.	7.50 % p.a.
	Expected average remaining working lives of employees	11.29	11.34
	Mortality table	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

The attrition rate varies from 2% to 8% (previous year 2% to 8%) for various age groups.

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.

e) Sensitivity analysis for significant assumptions is as below:

	1% increase	
i. Discount rate	20.54	121.95
ii. Salary escalation rate - over a long-term	23.99	140.01
iii. Attrition rate	22.6	134.17

	1% decrease	
i. Discount rate	24.59	145.22
ii. Salary escalation rate - over a long-term	21.04	126.11
iii. Attrition rate	22.26	131.37

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.

f)	**Maturity analysis of defined benefit obligation**		
	Within the next 12 months	1.44	1.66
	Between 2 and 5 years	9.95	14.84
	Between 6 and 10 years	12.35	9.39
	Total expected payments	**23.74**	**25.89**

B Defined contribution plans

Amount recognised as an expense and included in note 26. Contribution to provident and other funds amounted to ` 104.43 lakhs (31 March 2017 ` 49.70 lakhs)

C Current/ non-current classification

Gratuity		
Current	16.02	1.37
Non-current	72.68	21.06
	88.70	**22.43**
Leave entitlement and compensated absences (including sick leave)		
Current	40.33	30.85
Non-current	17.58	11.04
	57.91	**41.89**

37 Particulars of unhedged foreign currency exposure as at balance sheet date -

Particulars	Currency	31 March 2018		31 March 2017	
		Foreign currency in lakhs	₹ lakhs	Foreign currency in lakhs	₹ lakhs
Assets					
Advance to suppliers	GBP	0.12	10.82	0.12	9.69
	EURO	1.39	109.84	1.39	96.02
Liabilities					
Trade payables	USD	0.46	29.91	0.46	29.75
Net assets / (liabilities)		**1.05**	**90.75**	**1.05**	**75.96**

38 The Company's capital work-in-progress (CWIP) as at 31 March 2018 includes amounts aggregating ₹ 119,680.12 lakhs (31 March 2017: ₹ 123,338.50 lakhs) carrying from earlier years in respect of the projects presently under construction. The underlying projects in the Company are in initial stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of the CWIP as at 31 March 2018.

39 Non-current investments as at 31 March 2018 include investments aggregating ₹ 203,778.18 lakhs (31 March 2017: ₹ 199,803.25 lakhs) in its subsidiaries, joint ventures and associates and non-current loans and current trade receivables as on that date include dues from such subsidiaries, joint ventures and associates aggregating ₹ 21,369.19 lakhs (31 March 2017: ₹ 19,014.39 lakhs) and ₹ 10,884.80 lakhs (31 March 2017: ₹ 12,220.42 lakhs) respectively, being considered good and recoverable by the management. The underlying projects in the Company are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of these investments and receivables as at 31 March 2018.

40 The Ministry of Environment & Forests (MoEF), Government of India, vide its order dated 9 November 2011, accorded Environment Clearance to 2,048 hectares (5,058 acres) of the project subject to compliance of certain terms and conditions. Accordingly, construction has resumed at project site from 9 November 2011. The Company has filed an appeal before the National Green Tribunal, New Delhi (NGT) challenging some of the conditions prescribed in the said Order which is pending before NGT. The management believes that the matter will be decided in their favour without any financial loss to the Company.

41 The Company did not have an audit committee during the current year as required under Section 177 of the Act and presently is in the process of constituting this committee.

42 The Company is principally engaged in a single business segment viz. "Comprehensive Urban Development and Management". The Company is primarily operating in India which is considered to be as a single geographical segment. Also, refer note 34 for information on revenue from major customers.

43 The Company has incurred net loss of ₹ 68,214.98 lakhs during the year ended 31 March 2018 and has also suffered losses from operations during the preceding financial years and as of that date, its current liabilities exceeded its current assets by ₹ 238,988.74 lakhs. The Company also has external borrowing from banks and financial institutions, principal and interest repayment of which has been delayed and has also defaulted in dues payable to debenture holders. The operations of the Company are dependent on the projects undertaken by it and other entities in the group as a whole. The lenders of the Company had invoked Strategic Debt Restructuring (SDR) with reference date of 20 September 2017 as part of a comprehensive solution. During the current period, consequent to the Reserve Bank of India's (RBI) circular dated 12 February 2018, SDR Scheme invoked by the lenders of the Company and its wholly owned subsidiaries, Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited, stand withdrawn with immediate effect. As required by the revised framework specified in the RBI's circular, the Company and these subsidiaries are in the process of formulating a resolution plan for revival of its business and restructuring of the borrowings which will be presented to the lenders for consideration shortly. Basis this, the Company's management has prepared the above financial statements on a "Going Concern" basis.

44 * represents amount less than ₹ 1,000.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N / N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 02 May 2018

For and on behalf of the Board of Directors

Edna Victor Maclaine
Director
DIN : 07842299

Sharad Naik
Director
DIN : 07511077

Deepak Shah
Director
DIN : 07841769

Praveen Sood
Chief Executive Officer

Sandeep Gurav
Company Secretary

Place: Mumbai
Date: 02 May 2018

LAVASA CORPORATION LIMITED
MUMBAI