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Independent Auditor's Report

To the Members of HREL Real Estate Limited

Report on the Audit of the Financial Statements

Adverse Opinion

1. We have audited the accompanying financial statements of **HREL Real Estate Limited** (formerly known as *HCC Real Estate Limited*) ('the Company'), which comprise the Balance Sheet as at 31 March 2020, 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.
2. In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph of our report, the aforesaid financial statements do not give the information required by the Companies Act, 2013 ('Act') in the manner so required and do not give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Adverse Opinion

3. As stated in Note 34 to the accompanying financial statements, which indicate that the Company has incurred a net loss of Rs. 2,419.05 lakhs during the year ended 31 March 2020, and as of that date, the Company's current liabilities have exceeded its current assets by Rs. 57,566.90 lakhs and has accumulated losses amounting Rs. 112,850.89 lakhs which have resulted in complete erosion of the net-worth of the Company. Further, the Company has additional obligations towards corporate guarantee and put option right given by the Company as mentioned in paragraph 5 below, which is likely to further increase the net loss, accumulated losses and net current liabilities. Considering such factors and in the absence of necessary and adequate evidence with respect of Company's assessment of going concern, as per our judgment, management's use of the going concern basis of accounting in the financial statements is inappropriate.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.



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HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

Emphasis of Matter

5. We draw attention to Note 23(iii) to the accompanying financial statements of the Company, regarding the exercise of put option right by the option holder with respect to compulsory convertible preference shares of its erstwhile subsidiary, Lavasa Corporation Limited (LCL) and invocation of bank guarantees by the lenders of LCL and its erstwhile step down subsidiary, Warasgaon Assets Maintenance Limited, subsequent to the initiation of Corporate Insolvency Resolution Process ('CIRP') by Hon'ble National Company Law Tribunal, Mumbai ('NCLT'). In view of the uncertainty associated with the outcome of the proceedings of CIRP, the resultant obligation in respect of the corporate guarantee and/or put options cannot be measured with sufficient reliability and accordingly have been reported as a Contingent Liability as at 31 March 2020 in accordance with the provisions of Ind AS 37. Our report is not modified in respect of this matter. The same was reported in previous year as well.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report. but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

7. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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



HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

13. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
14. 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.
15. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and except for the matters described in the Basis for Adverse Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) except for the possible effects of the matters described in the Basis for Adverse Opinion section 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;



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HREL Real Estate Limited

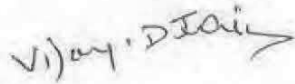
Independent Auditor's Report on the Audit of the Financial Statements

- c) the 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 Adverse Opinion section, in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) the matters described in paragraph 3 under the Basis for Adverse Opinion section, 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 on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- g) the modification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section;
- h) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 22 June 2020 as per Annexure B expressed an adverse opinion; and
- 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 note 23 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - ii. except for the possible effects of the matters described in paragraph 3 under the Basis for Adverse Opinion section, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv. the 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 financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No:001076N/N500013



Vijay D. Jain

Partner

Membership No:117961

UDIN:20117961AAAAAJ5450

Place: Mumbai

Date: 22 June 2020

Walker Chandio & Co LLP

HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

Annexure A to the Independent Auditor's Report of even date to the members of HREL Real Estate Limited, on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Companies (Auditor's Report) Order, 2016 ('The Order') under sub-section 11 of Section 143 of the Companies Act, 2013 ('The Act')

Based on the audit procedures performed for the purpose of reporting a true and fair view on the 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 property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Inventory has not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies which could have arisen between physical inventory and book records. In our opinion, the frequency of verification of the inventory is also not reasonable having regard to the size of the Company and nature of its assets.
- (iii) The Company has granted unsecured loans to eight 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; and
 - (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 Section 186 of the Act in respect of loans, investments and guarantees and security. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 of the Act.
- (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) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.



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HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

Annexure A (Contd)

- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, undisputed amounts payable outstanding at the year-end for a period of more than six months from the date they become 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 (INR in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Interest on TDS	19.88	March 2018 to November 2018	30 April 2018	Not paid till date

- (b) There are no dues in respect of sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax, on account of any dispute, are as follows:

Statement of disputed dues

Name of the statute	Nature of dues	Amount (INR in lakhs)	Amount paid under Protest (INR in lakhs)	Period to which the amount relates (FY)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax/Penalty	133.57	-	2009-10	Commissioner (Appeals)
		2,052.92	62.40	2011-12	
		713.74	107.00	2012-13	
		573.32	86.00	2013-14	
		0.11	-	2005-06	
		24.35	-	2008-09	
		491.75	-	2016-17	
		266.83	-	2017-18	
		13.45	-	2009-10	Income Tax Appellate Tribunal
		969.62	-	2010-11	Bombay High Court

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.



Walker Chandiok & Co LLP

HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

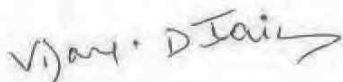
Annexure A (Contd)

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not obtained any term loans 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. 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.
- (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 financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute an audit committee 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.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No:001076N/N500013



Vijay D. Jain

Partner

Membership No:117961

UDIN:20117961AAAAAJ5450

Place: Mumbai

Date: 22 June 2020

Walker Chandio & Co LLP

HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

Annexure B to the Independent Auditor's Report of even date to the members of HREL Real Estate Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to financial statements 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 financial statements of **HREL Real Estate Limited** (formerly known as **HCC Real Estate Limited**) ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 adverse audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as



Walker Chandio & Co LLP

HREL Real Estate Limited

Independent Auditor's Report on the Audit of the Financial Statements

Annexure B (Contd)

necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Adverse opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31 March 2020:

The Company's internal controls over financial reporting with respect to financial statements closure process in terms of assessing the Company's ability to continue as a going concern were not operating effectively, which is likely to result in material misstatements in the carrying value and classification of assets and liabilities and have a consequential impact on earnings, reserves and related disclosures in the financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, 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.
10. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting as of 31 March 2020, 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 issued by the ICAI, and because of the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were not operating effectively as at 31 March 2020.
11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2020, and this material weakness have affected our opinion on the financial statements of the Company and we have issued an adverse opinion on the financial statements.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No:001076N/N500013



Vijay D. Jain

Partner

Membership No:117961

UDIN:20117961AAAAAJ5450

Place: Mumbai

Date: 22 June 2020

Chartered Accountants

HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)
Balance Sheet as at 31 March 2020

Particulars	Note No.	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1.18	1.39
Financial assets			
Investments	4	1,951.33	1,951.33
Loans	5	2,760.57	2,445.45
Other financial assets	6	-	3.15
Income tax assets (net)	7	2,048.40	2,034.01
Other non-current assets	8	-	-
Total non-current assets		6,761.47	6,435.33
Current assets			
Inventories	9	-	-
Financial assets			
Investments	4	0.44	0.39
Cash and cash equivalents	10	0.43	-
Loans	5	3.27	286.22
Other current assets	8	113.77	218.92
Total current assets		117.91	505.53
TOTAL ASSETS		6,879.39	6,940.86
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	6,619.32	6,619.32
Other equity		(58,228.98)	(55,742.31)
Total equity		(51,610.66)	(49,122.99)
Non current liabilities			
Financial liabilities			
Borrowings	12	-	-
Other financial liabilities	13	805.24	6,853.87
Provisions	14	-	13.93
Other non-current liabilities	16	-	2.03
Total non-current liabilities		805.24	6,869.83
Current liabilities			
Financial liabilities			
Borrowings	12	20,083.96	19,850.45
Trade payables	15	-	-
Dues of micro, small and medium enterprises		-	-
Dues of creditors other than micro, small and medium enterprises		44.59	61.43
Other financial liabilities	13	37,536.16	29,018.26
Other current liabilities	16	20.10	257.37
Provisions	14	-	6.51
Total current liabilities		57,684.81	49,194.02
TOTAL EQUITY AND LIABILITIES		6,879.39	6,940.86

The accompanying notes forms an integral part of the financial statements

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

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

Vijay D. Jain
Partner
Membership No. 117961

For and on behalf of the Board of Directors

Sridevi Iyengar Arunkumar Singh
Director Director
DIN No:- 06981630 DIN No:- 05982134

Place: Mumbai
Date: 22 June 2020

Place: Mumbai Place: Mumbai
Date: 22 June 2020 Date: 22 June 2020



HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)
Statement of Profit and Loss for the year ended 31 March 2020

Particulars	Note No.	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
Income			
Revenue from operations		-	-
Other income	17	1,140.12	2,696.85
Total income		1,140.12	2,696.85
Expenses			
Changes in inventory of project work-in-progress	18	-	-
Employee benefits expense	19	15.55	120.62
Finance costs	20	3,289.74	3,197.39
Depreciation expense	3	0.21	515.81
Other expenses	21	253.67	217.50
Total expenses		3,559.17	4,041.32
Loss before exceptional item and tax		(2,419.05)	(1,344.47)
Exceptional items	21.1	-	93,087.61
Loss before tax		(2,419.05)	(94,432.08)
Tax expense			
Current income tax		-	-
Deferred income tax		-	-
Loss for the year (A)		(2,419.05)	(94,432.08)
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		-	-
Other comprehensive income/(loss) for the year, net of tax (B)		-	-
Total comprehensive loss for the year, net of tax (A+B)		(2,419.05)	(94,432.08)
Loss per equity share of face value of Rs. 10 each			
Basic and diluted (in Rs.)	22	(3.65)	(142.66)

The accompanying notes forms an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our audit report of even date

For Walker Chandio & Co LLP
Chartered Accountants -
Firm's Registration No. 001076/N/S00013

Vijay D. Jain

Vijay D. Jain
Partner
Membership No.: 117961

For and on behalf of the Board of Directors

S. Sridevi
Sridevi Iyengar
Director
DIN No.- 06981630

Arunkumar Singh
Director
DIN No.- 06982134

Place: Mumbai
Date: 22 June 2020

Place: Mumbai
Date: 22 June 2020

Place: Mumbai
Date: 22 June 2020



HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)
Cash Flow Statement for the year ended 31 March 2020

Particulars	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(2,419.05)	(94,432.08)
Adjustment for:		
Depreciation expense	0.21	515.81
Finance cost	3,269.67	3,186.56
Loan written back	-	(2,241.73)
Interest written back	-	(1,280.49)
Interest income	(461.97)	(1,857.14)
Dividend income	(0.05)	(0.02)
Notional income from financial guarantees given	(495.33)	(679.51)
Notional income from security deposit	(47.47)	-
Provision written back	(16.77)	-
Impairment on loans	150.37	1,065.35
Impairment of investments	-	3.06
Impairment loss in other financial assets	-	437.94
Impairment loss of Lavasa Corporation Limited	-	67,048.74
Impairment loss of WAML	-	3,513.67
Loss on sale of investment in subsidiary company (net)	-	9,399.17
Impairment loss on inventory	-	11,082.76
Financial liability on account of guarantee	-	3,773.49
Allowance for doubtful advances	-	285.65
Fair value of guarantee given to fellow subsidiary	(68.62)	-
Operating profit before working capital changes	(89.01)	(178.77)
Adjustments for changes in working capital:		
Decrease in other assets	85.87	0.70
Increase in other financial liabilities	22.86	82.37
Increase/ (decrease) in provisions	(6.96)	1.89
Decrease in other current liabilities	(239.29)	(1.45)
Decrease in trade payables	(1.21)	(26.52)
Bank account attached by income tax authorities	(0.33)	-
Operating profit after working capital changes	(228.07)	(121.78)
Income taxes (paid)/ refund	(14.39)	(90.23)
Net cash used in operating activities (A)	(242.46)	(212.01)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment (acquired) / proceeds from sale of investment	-	177.66
Loans and advances given	(3.64)	(36.50)
Receipt from security deposit	333.69	-
Dividend received	0.05	0.02
Net cash generated from investing activities (B)	330.10	141.18
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(319.73)	62.20
Proceeds from borrowings	236.57	-
Finance cost on borrowings	(4.38)	-
Net cash generated from/ (used in) financing activities (C)	(87.54)	62.20
Net increase/(decrease) in cash and cash equivalents (A+B+C)	0.10	(8.63)
Cash and cash equivalents at the beginning of the year	-	8.63
Cash and cash equivalents at the end of the year (Refer note 3 below)	0.10	-

Notes:

- The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows."
- Significant non cash movements during the year excludes:
 - Adjustment of Security deposit receivable from Hincan Finance Limited against inter corporate deposits payable to HCC Infrastructure Limited amounting to Rs. 219.25 lakhs.
 - Transfer of statutory dues payable i.e. TDS on interest outstanding as at 31 March 2019 to the inter corporate deposits payable to Hindustan Construction Company Limited amounting to Rs. 240.61 lakhs.
- Reconciliation of Cash and cash equivalents

	31 March 2020	31 March 2020
Balance of Cash and cash equivalents as above	0.10	-
Add: Bank account attached by income tax authorities	0.33	-
Balance of Cash and cash equivalents as per note 10	0.43	-

The accompanying notes forms an integral part of the financial statements

This is the Cash Flow Statement referred to in our audit report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No: 001076/N/500013

Vijay D. Jain
Partner
Membership No.: 117961

Place: Mumbai
Date: 22 June 2020

For and on behalf of Board of Directors

S. Sridevi
Sridevi Iyengar
Director
DIN No:- 06981630

Place: Mumbai
Date: 22 June 2020

Arunkumar Singh
Director
DIN No:- 06982134

Place: Mumbai
Date: 22 June 2020



HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)
Statement of Changes in Equity for the year ended 31 March 2020

A) Equity share capital

Particulars	Number	(Rs. in lakhs)
Equity shares of Rs.10 each subscribed and paid up		
As at 1 April 2018	66,193,185	6,619.32
Issue of equity shares during the year	-	-
As at 31 March 2019	66,193,185	6,619.32
Issue of equity shares during the year	-	-
As at 31 March 2020	66,193,185	6,619.32

B) Other equity

Particulars	Deemed equity investment by holding company	Reserve and surplus		Total equity attributable to equity holders
		Securities premium reserve	Retained earnings	
As at 1 April 2018	13,803.92	40,816.99	(12,908.39)	41,712.52
Deemed distribution/ repayment (Refer note 2 below)	-	-	(3,022.75)	(3,022.75)
Loss for the year	-	-	(94,432.08)	(94,432.08)
As at 31 March 2019	13,803.92	40,816.99	(110,363.22)	(55,742.31)
Deemed distribution/ repayment (Refer note 2 below)	-	-	(68.62)	(68.62)
Loss for the year	-	-	(2,419.05)	(2,419.05)
As at 31 March 2020	13,803.92	40,816.99	(112,850.89)	(58,229.98)

Notes:

1) Nature and purpose of reserves

i) Deemed equity investment by the Holding Company

The holding company when transfers benefit to the Company in form of interest free inter corporate deposit, a deemed equity investment account is created. This will be derecognised on disposal of control in the Company.

ii) Securities premium reserve

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

iii) Retained earnings

Retained earnings represents the profits/ losses that the Company has earned/ incurred till date including gain/(loss) on fair value of defined benefits plans as reduced by dividends or other distributions paid to the shareholders.

- 2) It represents fair value of the financial guarantee given by the Company for no compensation, to the lenders in respect of loans availed by the holding company and group companies under the control of holding company.

The accompanying notes forms an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our audit report of even date

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076/N/500013

Vijay D. Jain
Partner
Membership No.: 117961

Place: Mumbai
Date: 22 June 2020

For and on behalf of Board of Directors

S. Sridevi
Director
DIN No.: 06981630

Place: Mumbai
Date: 22 June 2020

Arunkumar Singh
Director
DIN No.: 06982134

Place: Mumbai
Date: 22 June 2020



HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

1 Corporate Information

HREL Real Estate Limited ('the Company') is a public limited company incorporated and domiciled in India and is incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is engaged in Real estate activities with own or leased property. The registered office of the Company is located at Hincor House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India. The Company was incorporated on 15 June 2005 (CIN:U70100MH2005PLC154004).

The financial statements of the Company as at and for the year ended 31 March 2020 were approved and authorised for issue by the board of directors on 22 June 2020.

1.1 Significant accounting policies

i Basis of preparation

The financial statements of HREL Real Estate Limited have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified by the Companies (Accounting Standards) Rules, 2015 in respect of Section 133 of the Companies Act, 2013 ("the Act").

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities, share based payments and contingent consideration that are measured at fair values, 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, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

These 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 are reviewed on an ongoing basis 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. The Company 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.

Valuation of investment in/ loans to subsidiaries and other related parties

The Company performs valuation for its investments in equity/ preference shares 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.

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.

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.

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 Property, plant and equipment and use that carrying value as the deemed cost of the Property, Plant and Equipment on the date of transition i.e. 1 April 2015.

iv Intangible assets

Intangible assets comprise of implementation cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, 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, less accumulated amortisation and accumulated impairment losses, if any.



v Depreciation and amortization

Depreciation on tangible assets except for leasehold improvements is provided on the written down value basis considering the estimated useful lives of the assets on 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:

Office equipment : 20 years

For the above classes of assets, based on internal assessment, management believes that the useful life as given above represents the period over which it expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013

Leasehold improvements is amortised over the primary period of lease.

In respect of intangible assets, computer software is amortized over the estimated useful life of five years under straight line method on pro-rata basis.

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.

Financial assets at fair value through other comprehensive income (FVTOCI):

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

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 fair value through profit or loss (FVTPL)

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.

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 issued by the Company are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at a higher of:

- the amount of loss allowance determined in accordance with impairment requirement of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised

Where guarantees in relation to loans or other payables of holding company or group companies under the control of holding company are provided for no compensation, the fair values are accounted for as contributions with corresponding debit to equity.

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 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.

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.

Reclassification of financial assets

The Company determines classification of financial assets or liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets of liabilities that are specifically designated at FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

a Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at cost or net realizable value, whichever is lower.

b Cost of land purchased / acquired by the Company includes purchase / acquisition price plus stamp duty and registration charges.

c Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

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 "Real Estate Development". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.
- xi 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.
- xii 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.
- xiii Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- xiv Revenue recognition**
a Revenue from operations
Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled when a performance obligation is satisfied, which occurs when control of goods or services gets transfer to the customer.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.
- b Interest and other income**
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.
Dividend income is recognized when the company's right to receive dividend is established.
Other income is accounted for on accrual basis. Where the receipt of income is uncertain it is accounted for on receipt basis.
- 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 Provisions, contingent liabilities and contingent assets**
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. When appropriate, the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, 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.
- 2 Exemption under the Act**
The Company has opted not to prepare consolidated financial statements based on exemption available under Rule 6 of Companies (Accounts) Rules, 2014 (as amended) read with Section 129(3) of the Act.



HREL Real Estate Limited*(formerly known as HCC Real Estate Limited)***Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020****3) Property, plant and equipment****Tangible assets**

Particulars	(Rs. in lakhs)		
	Office equipment	Leasehold improvements	Total
Gross carrying value			
As at 1 April 2018	2.81	638.77	641.58
Additions	-	-	-
As at 31 March 2019	2.81	638.77	641.58
Additions	-	-	-
As at 31 March 2020	2.81	638.77	641.58
Accumulated depreciation			
As at 1 April 2018	1.11	123.27	124.38
Depreciation/ amortisation charge	0.31	515.50	515.81
As at 31 March 2019	1.42	638.77	640.19
Depreciation/ amortisation charge	0.21	-	0.21
As at 31 March 2020	1.63	638.77	640.40
Net carrying value			
As at 31 March 2019	1.39	-	1.39
As at 31 March 2020	1.18	-	1.18

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HREL Real Estate Limited

(formerly known as HCC Real Estate Limited)

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
4 Investment		
a) Non current investments		
(Face value of Rs. 10 each, unless otherwise stated)		
I. Investments in equity share, valued at deemed cost, fully paid up		
(i) In subsidiary companies in India		
HRL (Thane) Real Estate Limited (Refer note 4.3)	1,960.33	1,960.33
100,000 (31 March 2019 - 100,000) equity shares		
Less: Impairment loss provision	(10.00)	(10.00)
	<u>1,950.33</u>	<u>1,950.33</u>
Nashik Township Developers Limited	90.71	90.71
100,000 (31 March 2019 - 100,000) equity shares		
Less: Impairment loss provision	(90.71)	(90.71)
	<u>-</u>	<u>-</u>
Powai Real Estate Developers Limited.	5.00	5.00
50,000 (31 March 2019 - 50,000) equity shares		
Less: Impairment loss provision	(5.00)	(5.00)
	<u>-</u>	<u>-</u>
HCC Aviation Limited	5.00	5.00
50,000 (31 March 2019 - 50,000) equity shares		
Less: Impairment loss provision	(5.00)	(5.00)
	<u>-</u>	<u>-</u>
HCC Realty Limited	5.00	5.00
50,000 (31 March 2019 - 50,000) equity shares		
Less: Impairment loss provision	(5.00)	(5.00)
	<u>-</u>	<u>-</u>
(ii) In others		
Lavasa Corporation Limited (Refer notes 4.1 and 24(a))	45,222.96	45,222.96
546,842,513 (31 March 2019 - 546,842,513) equity shares		
Less: Impairment loss provision	(45,222.96)	(45,222.96)
	<u>-</u>	<u>-</u>
(A)	<u>1,950.33</u>	<u>1,950.33</u>
II. Investments valued at amortised cost		
Investments in preference shares (unquoted)		
(i) Fellow subsidiary		
HCC Infrastructure Company Limited	1.00	1.00
10,000 (31 March 2019 - 10,000) 0.1% Non cumulative preference shares		
(ii) Others		
Lavasa Corporation Limited (Refer notes 4.1 and 24(a))	7,559.73	7,559.73
22,400,097 (31 March 2019 - 22,400,097) 6% Cumulative preference shares		
Less: Impairment loss provision	(7,559.73)	(7,559.73)
	<u>-</u>	<u>-</u>
(B)	<u>1.00</u>	<u>1.00</u>
III. Investments in other instruments		
(i) In others		
Warasgaon Asset Maintenance Limited (Corporate guarantee) (Refer notes 4.1 and 24(b))	3,513.67	3,513.67
Less: Impairment loss provision	(3,513.67)	(3,513.67)
	<u>-</u>	<u>-</u>
(C)	<u>-</u>	<u>-</u>
Total non-current investments [A+B+C]	<u>1,951.33</u>	<u>1,951.33</u>



HREL Real Estate Limited

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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
4.1 Pursuant to initiation of the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC) against Lavasa Corporation Limited (LCL), the Company has lost control over LCL with effect from 31 August 2018. Accordingly, LCL and subsidiaries of LCL have not been treated as subsidiaries post loss of control.		
4.2 The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by the related parties and the Company, as indicated below:		
Name of the Company	No. of equity shares pledged	
	31 March 2020	31 March 2019
Lavasa Corporation Limited	546,842,513	546,842,513
HRL (Thane) Real Estate Limited	100,000	100,000
4.3 The Company has created pledge on 70,000 shares (31 March 2019: 70,000 shares) and subservient charge on 30,000 shares (31 March 2019: 30,000 shares) of HRL (Thane) Real Estate Limited held by it towards the inter corporate deposits (ICDs) availed from HCC Infrastructure Company Limited amounting to Rs.1,564.01 lakhs as at 31 March 2020 (31 March 2019: Rs. 1,881.77 lakhs).		
b) Current investments (quoted)		
Investments in mutual funds carried at FVTPL		
Nippon India Banking and PSU debt fund		
(formerly known as Reliance Banking and PSU debt fund)	0.44	0.39
Current Year 2924.515 units @ 15.0857 each		
(31 March 2019: 2,924.515 units at NAV of Rs. 12.6097 each)		
Total current investments	0.44	0.39
Details:		
(i) Market value of quoted investments	0.44	0.39
(ii) Aggregate carrying value of unquoted investments	1,951.33	1,951.33
(iii) Aggregate amount of impairment in value of investments	56,412.08	56,412.08
(i) Investments carried at deemed cost	1,950.33	1,950.33
(ii) Investments carried at amortised cost	1.00	1.00
(iii) Investments carried at fair value through profit and loss	0.44	0.39

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HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
5 Loans		
(Unsecured, considered good unless otherwise stated)		
Non-current		
Loan to related parties (Refer note 25)		
Inter corporate deposits	4,321.86	3,859.89
Less: Impairment loss provision	(1,561.29)	(1,414.44)
Total non-current loans*	2,760.57	2,445.45
* The net balance of loan amounting to Rs.2,760.57 lakhs is receivable from HRL (Thane) Real Estate Limited. The Company has created a charge on these loans towards Inter corporate deposit availed from HCC Infrastructure Limited which have an outstanding balance of Rs.1,564.01 lakhs as at 31 March 2020 (31 March 2019: Rs 1,881.77 lakhs).		
Current		
Loan to related parties (Refer note 25)		
Inter corporate deposits	10,202.82	10,199.18
Less: Impairment loss provision	(10,199.55)	(10,199.18)
Security deposits		
Related party (Refer note 25)	-	286.22
Total current loans	3.27	286.22
Total loans	2,763.84	2,731.67
6 Other financial assets		
Non-current		
Interest receivable from		
- Related parties (Refer note 25)	6,658.32	6,658.32
Less: Impairment loss provision	(6,658.32)	(6,655.17)
Total other financial assets	-	3.15
7 Income tax assets (net)		
i. The following table provides the details of income tax assets and liabilities:		
Income tax assets	2,048.40	2,034.01
Less: Income tax liabilities	-	-
Total Income tax assets (net)	2,048.40	2,034.01
ii. The gross movement in the Income tax asset/ (liability):		
Net non-current income tax assets/ (liabilities) at the beginning	2,034.01	1,943.78
Income tax paid	14.39	90.23
Net non-current income tax assets at the end	2,048.40	2,034.01
iii. Income tax expense in the statement of profit and loss comprises:		
Current income taxes	-	-
Deferred income taxes	-	-
Income tax expenses/(income) (net)	-	-



HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
iv. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/(loss) before income taxes is as below:		
Loss before income tax	(2,419.05)	(94,432.08)
Applicable income tax rate	26.00%	26.00%
Computed expected tax expense	-	-
Effect of expenses not allowed for tax purpose	894.43	23,430.43
Effect of income not considered for tax purpose	(261.24)	(553.03)
Reversal of deferred tax assets in absence of reasonable certainty	(633.19)	(22,877.39)
Income tax (income)/ expense charged to the statement of profit and loss	-	-

v. As per local tax regulations and returns filed with the tax authorities, unabsorbed depreciation can be carried forward indefinitely and has no expiry date. However, business losses can be carried forward for eight years and has the expiry date as follows:

Assessment year 2019-20 and expiring in financial year 2026-27	28.01	-
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vi. Deferred tax assets have not been recognised because it is not probable future taxable profit will be available against which the company can use the benefits there from.

7.1 The Company is presently evaluating and has not yet elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019. Based on Management assessment, there is no impact of the new tax rate on the financial statements for the current year.

8 Other assets

Non-current

Capital advances to related party (Refer note 25)	500.00	500.00
Less : Provision for doubtful advances	(500.00)	(500.00)
Total non-current assets	-	-

Current

Advance for land purchases	15.50	15.50
Less: Impairment loss provision	(15.50)	(15.50)
Balance with government authorities	113.77	131.12
Other current assets	305.15	361.66
Less: Impairment loss provision	(305.15)	(305.15)
Deferred lease assets	-	31.29
Total current assets	113.77	218.92

Total other assets

	113.77	218.92
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HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
9 Inventories		
Project work in progress – Land	11,082.76	11,082.76
Less: Impairment loss provision (Refer note 9.1 below)	(11,082.76)	(11,082.76)
(Valued at cost or net realisable value, whichever is lower)		
Total Inventories		
9.1 The Company had inventory consisting of two parcels of land at Dasve village in Lavasa city. National Company Law Tribunal, Mumbai (NCLT), vide Order dated 30 August 2018, has admitted an application filed against Lavasa Corporation Limited (LCL) by an operational creditor and initiated the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code 2016 ('IBC'). In view of this, no transaction in respect of purchase or sale of land are currently taking place at Lavasa city. In view of uncertainties associated with the outcome of CIRP and consequent development of Lavasa city and in particular around the land parcel owned by the Company, as a matter of prudence, the Company had impaired the value of inventory aggregating Rs. 11,082.76 lakhs in the previous year. The Resolution plan is under process and there is no outcome as at the date of adoption of these financial statements.		
10 Cash and cash equivalents		
Balances with banks		
- on current accounts*	0.43	-
Total cash and cash equivalents	0.43	-

*Out of the above current accounts held by the company, bank account held with ICICI Bank having a closing balance of Rs. 0.33 lakhs as at 31 March 2020, has been attached by the Income tax department in relation to income tax assessment proceedings.

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HREL Real Estate Limited

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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
11 Equity share capital		
Authorised share capital		
70,000,000 equity shares of Rs. 10 each	7,000.00	7,000.00
(31 March 2019: 70,000,000 equity shares of Rs. 10 each)		
Total authorised share capital	7,000.00	7,000.00
Issued, subscribed and paid up share capital:		
66,193,185 (31 March 2019 : 66,193,185) equity shares of Rs. 10 each fully paid up	6,619.32	6,619.32
Total issued, subscribed and paid up share capital	6,619.32	6,619.32

a) Reconciliation of shares outstanding at the beginning and at the end of the period

Equity shares	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
At the beginning of the year	66,193,185	6,619.32	66,193,185	6,619.32
Movement during the year	-	-	-	-
At the end of the year	66,193,185	6,619.32	66,193,185	6,619.32

b) Details of shareholders holding more than 5% of shares of

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of Holding	No. of shares	Rs. in lakhs
Equity shares of Rs. 10 each fully paid				
Hindustan Construction Company Limited ("the holding company")	66,193,185	100%	66,193,185	100%

c) Rights and restriction attached to equity shareholders

The Company has only one class of equity shares having face value as Rs. 10 each. 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 any of the 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.

d) Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

The Company has neither issued any bonus shares, shares issued for consideration other than cash nor has there been any buy back of shares during past 5 years from reporting date.

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HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
12 Borrowings		
Non-current		
Term loan (secured)	-	2,241.73
Less: Current maturities classified as other financial liabilities (Refer note 13)	-	(2,241.73)
	-	-
Loans from related parties (secured) (Refer note 25)		
Inter corporate deposits	1,564.01	1,881.77
Loans from related parties (unsecured) (Refer note 25)		
Inter corporate deposit from Holding Company	29,427.53	26,157.33
Inter corporate deposit from other related parties	745.17	744.61
Less: Current maturities of unsecured borrowings (Refer note 13)	(31,736.71)	(28,783.71)
Total Loans from related parties	-	-
Total non-current borrowings (A)	-	-
i) Security, interest and repayment details of the term loan were as follows:		
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited		
Carried effective interest rate of 13.00 % per annum.		
Term loan was repayable in 4 structured quarterly instalments after the end of 18 months from 30 September 2012.		
ii) Interest and repayment details of loan from related parties (secured and unsecured) are as follows:		
Inter corporate deposits carries 12.5% effective interest rate per annum and were repayable on 31 March 2020. The above inter corporate deposits amounting to Rs.31,736.71 lakhs have not been repaid as at the balance sheet date.		
iii) Loans from related party amounting having outstanding balance of Rs. 1,564.01 lakhs as at 31 March 2020, is secured through a charge created on Inter corporate deposits receivable from HRL (Thane) Real Estate Limited.		
Current (unsecured)		
Inter corporate deposits		
Related party * (Refer note 25)	20,083.96	19,850.45
Total current borrowings (B)	20,083.96	19,850.45
Total borrowings (A + B)	20,083.96	19,850.45
* Inter corporate deposits are repayable on 1 April 2020 and carries 12.5% effective interest rate per annum.		
13 Other financial liabilities		
Non-current		
Security deposit		
- Related party (Refer note 25)	-	650.00
- Others	-	7.09
Financial liability on account of guarantee (Refer note 25)	805.24	6,196.78
Total non-current financial liabilities	805.24	6,853.87
Current		
Security deposit	650.00	23.72
Financial liability on account of guarantee (Refer note 25)	4,969.65	-
Current maturities of secured borrowings (Refer note 12)	-	2,241.73
Less: Loan liability waived off by the lender (Refer note 13.1)	-	(2,241.73)
Interest accrued and due on secured borrowings	-	1,280.49
Less: Interest liability waived off by the lender (Refer note 13.1)	-	(1,280.49)
Current maturities of unsecured borrowings (Refer note 12)	31,736.71	28,783.71
Interest payable on inter corporate deposits (Refer note 25)	-	-
- Other related parties	175.42	179.80
Payable to employees	4.38	16.22
Others	-	14.79
Total current financial liabilities	37,536.16	29,018.24
Total financial liabilities	38,341.40	35,872.11

13.1 The term loan outstanding as at 31 March 2018, along with interest payable as on that date was assigned to Asset Care and Reconstruction Enterprise Limited (ACRE) by the lender, Jammu and Kashmir Bank Limited, vide agreement dated 29 October 2018. Pursuant to the agreement dated 6 December 2018, executed between ACRE and the Holding Company, ACRE had waived the outstanding dues including the interest payable aggregating Rs.3,522.22 lakhs.



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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
14 Provisions		
Non-current		
Provision for employee benefits (Refer note 26)		
- Gratuity	-	11.58
- Leave entitlement and compensated absences	-	2.35
Total non-current provisions	-	13.93
Current		
Provision for employee benefits (Refer note 26)		
- Gratuity	-	2.48
- Leave entitlement and compensated absences	-	4.03
Total current provisions	-	6.51
Total provisions	-	20.44
15 Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 30)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
- Related parties (Refer note 25)	34.35	34.02
- Others	10.24	27.41
Total trade payables	44.59	61.43
Trade payables are non interest bearing and are normally settled as per the payment terms attached in the contract.		
16 Other liabilities		
Non current		
Deferred lease liability	-	2.03
Total other non current liabilities	-	2.03
Current		
Statutory dues payable	20.10	253.86
Deferred lease liability	-	3.51
Total other current liabilities	20.10	257.37
Total other liabilities	20.10	259.40

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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
17 Other income		
Interest income (Refer note 25)		
- Inter corporate deposits	461.97	1,857.14
- Lease deposit given	47.47	34.97
Rental income	118.53	123.11
Other non-operating income		
- Dividend income	0.05	0.02
- Financial guarantee income (Refer note 25)	495.33	679.51
- Provision written back	16.77	2.40
Total other income	1,140.12	2,696.85
18 Changes in inventory of project work-in-progress		
Balance of Project Work in Progress - Land	11,082.76	11,082.76
Add: Expenditure during the year	-	-
	11,082.76	11,082.76
Less: Transferred to inventories (refer note 9)	(11,082.76)	(11,082.76)
Total changes in inventory	-	-
19 Employee benefits expenses		
Salaries, wages and bonus	15.38	114.70
Contribution to provident and other funds (Refer note 26)	0.06	5.41
Staff welfare expenses	0.11	0.51
Total employee benefits expense	15.55	120.62
20 Finance costs		
Interest expense on:		
- inter corporate deposits (Refer note 25)	3,269.67	3,186.56
Other borrowing costs		
- others	20.07	0.83
Total finance costs	3,289.74	3,187.39
21 Other expenses		
Rent (Refer notes 25 and 31)	68.24	104.89
Rates and taxes	0.09	0.15
Travel expenses	0.07	4.00
Office maintenance	5.37	2.55
Repairs and maintenance	0.51	1.13
Vehicle running and maintenance	-	2.23
Printing and stationery	0.33	0.49
Communication	0.09	0.36
Legal and professional fees	14.49	7.23
Dematerialisation charges	-	87.08
Impairment loss provision	150.37	-
Directors sitting fees	0.36	-
- Statutory audit fees	12.25	6.85
Miscellaneous	1.50	0.54
Total other expenses	253.67	217.50



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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
21.1 Exceptional items		
Losses		
Loss on sale of investment in Charosa Wineries Limited (Refer note 1 below)	-	8,841.20
Loss on sale of investment in Maan Township Developers Limited (Refer note 2 below)	-	608.87
Impairment loss allowance:		
Inventory (Refer note 9.1)	-	11,082.76
Loss of control in Lavasa Corporation Limited [Refer notes 4.1 and 24(a)]	-	57,048.74
Loss of control in Warasgaon Asset Maintenance Limited [Refer notes 4.1 and 24(b)]	-	3,513.57
Other loans and interest receivable	-	1,503.29
Financial liability on account of guarantee	-	3,773.49
Investments in others	-	3.06
Other current assets	-	285.65
	(i) -	96,660.73
Income		
Liability waived by the lender (Refer note 13.1)	-	3,522.22
Gain on sale of investment in HRL Township Developers Limited (Refer note 3 below)	-	50.90
	(ii) -	3,573.12
Total exceptional loss (i - ii)	-	93,087.61

1) As at 29 September 2018, the Company had received an additional 72,577,672 equity shares of Charosa Wineries Limited (CWL) in lieu of its investment in the form of loans and interest receivables in CWL. Subsequently, the Company had entered into a share subscription and purchase agreement dated 21 December 2018, pursuant to which the Company had transferred its shareholding in CWL with effect from 7 February 2019. The Company's investments as at that date aggregated Rs.9,018.86 lakhs for which a consideration of Rs. 177.66 lakhs was received. The said transaction had resulted in a loss of Rs.8,841.20 lakhs.

2) Investments, inter corporate deposits and interest receivable thereon, due from Maan Township Developers Limited had been transferred to the holding company, Hindustan Construction Company Limited, with effect from 1 June 2019. The company had a total exposure of Rs.2,530.43 lakhs as at that date, while the total consideration received was Rs.1,911.56 lakhs, resulting into a loss of Rs.608.87 lakhs.

3) Investments, inter corporate deposits and interest receivable thereon, due from HRL Township Developers Limited had been transferred to the holding company, Hindustan Construction Company Limited, with effect from 1 June 2019. The company had provided impairment allowance for all of its investments in the HRL Township Developers Limited in the previous years and accordingly the company had a total exposure amounting to Rs.0.36 lakhs as at that 31 May 2019. The total consideration received was Rs.51.26 lakhs, resulting into a gain of Rs.50.90 lakhs.

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HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

22 Loss per share:	31 March 2020	31 March 2019
Net loss as per the statement of profit and loss attributable to equity shareholders (Rs. in lakhs)	(2,419.05)	(94,432.08)
Weighted average number of equity shares for earning per share computation	66,193,185	66,193,185
Loss per share - Basic and Diluted (in Rs.)	(3.65)	(142.66)

23 Contingent liabilities and commitments

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
(i) Income tax assessments matters	5,239.65	2,743.03
(ii) Corporate guarantees/ put options given for		
Holding company	1,029,894.00	983,376.88
Fellow subsidiaries [Also refer note (v) below]	6,145.84	3,830.35
Others [Also refer note (iii) below]	454,772.64	386,869.09

(iii) The Company had provided corporate guarantees and put options aggregating INR 454,772.64 lakhs to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Center Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the financial statements by the management, as impact, if any is currently unascertainable.

(iv) During the year ended 31 March 2018, IFCL had filed winding up petition against LCL and the Company and invoked Corporate Guarantee given by the Company for the loan availed by LCL amounting to Rs 3,000.00 lakhs. Based on the assignment agreement dated 28 March 2018, entered between IFCL and Asset Care and Reconstruction Enterprise Limited (ACRE), all the rights, title and beneficial interest including guarantee were transferred by IFCL to ACRE. Further, pursuant to the agreement dated 6 December 2018, agreed between ACRE and the holding company, the liability of the Company towards these obligations has been transferred to the holding company.

(v) During the current year, Company has received a corporate guarantee invocation letter from the Lender of two group companies, Dhule Palesner Operations Maintenance Limited (DPOML) and HCC Power Limited (HPL), vide both letters dated 10 February 2020. The amount demanded by the lender aggregates Rs. 6,145.84 lakhs. At present, DPOML and HPL are in discussion with the lender regarding settlement of such outstanding loan and interest thereon. HCC Infrastructure Limited, the parent company of these two group companies, have contractually agreed to reimburse to the Company, any cash outflow that the Company may have to incur in relation to above invocation. Accordingly, the Company has not booked any liability/ provision towards the above event, as at 31 March 2020.

(vi) The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Pending directions from the EPFO for the applicability of SC judgement for the past period, if any, the impact is not ascertainable at present and consequently no effect has been given in the books of account.

24 Corporate Insolvency Resolution Process (CIRP)

a) The National Company Law Tribunal, Mumbai (NCLT) vide order dated 30 August 2018, has admitted an application filed against an erstwhile subsidiary, Lavasa Corporation Limited (LCL) by an operational creditor and initiated the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC). In view of uncertainties associated with the outcome of CIRP and as a matter of prudence, the Company had recognised impairment provision for its exposure in LCL during the year ended 31 March 2019 as stated below. The same had also been disclosed as an 'exceptional item' in the financial statements.

Particulars	(Rs. in lakhs)
Non current investments	31 March 2019
Non current loans and financial assets	52,782.69
Advance for Land purchase	13,766.05
	500.00
	67,048.74

b) The National Company Law Tribunal, Mumbai (NCLT) vide order dated 20 December 2018, has admitted an application filed against an erstwhile step down subsidiary, Warasgaon Asset Maintenance Limited (WAML) by an operational creditor and initiated the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC). In view of uncertainties associated with the outcome of CIRP and as a matter of prudence, the Company had recognised impairment provision for its exposure in WAML during the year ended 31 March 2019 as stated below. The same had also been disclosed as an 'exceptional item' in the financial statements.

Particulars	(Rs. in lakhs)
Non current investments	31 March 2019
	3,513.67
	3,513.67

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HREL Real Estate Limited
(formerly known as HCC Real Estate Limited)

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

25 Disclosure in accordance with Ind AS 24 Related Party Transactions

A. Names of related parties and nature of relationship

A) Holding Company

Hindustan Construction Company Limited (HCC)

B) Subsidiaries

HCC Aviation Limited
HRL Township Developers Limited (upto 31 May 2018)
Maan Township Developers Limited (upto 31 May 2018)
HRL (Thane) Real Estate Limited
Nashik Township Developers Limited
Charosa Wineries Limited (upto 6 February 2019)
Powai Real Estate Developers Limited
HCC Realty Limited
Lavasa Corporation Limited ^{AA}

C) Subsidiaries of Holding Company

Panchkuli Developers Limited
Highbar Technologies Limited
HCC Infrastructure Company Limited
Steiner India Limited
HRL Township Developers Limited (from 1 June 2018)
Maan Township Developers Limited (from 1 June 2018)

D) Other related parties

Hincon Finance Limited
Rhapsody Commercial Space Limited (upto 30 August 2018)
Warasgaon Asset Maintenance Limited ^{AA}
Dhule Palesner Operations and Maintenance Limited
HCC Power Limited

^{AA} Considered subsidiary as per the Act, however, classified as subsidiary upto 30 August 2018 under Ind AS. Also refer note 4.1.

B. Key Management Personnel

Mr. Surendra Agarwal (upto 23 August 2019)
Mr. Devendra Manchekar (upto 15 March 2019)
Mr. Arun Karambelkar (upto 28 April 2018)
Mr. Shripad Galtonde (Upto 31 August 2018)
Mr. Arunkumar Singh (from 28 April 2018)
Mr. Avinash Harde (Upto 31 July 2019)
Ms. Sridevi Iyengar (from 31 August 2018)
Mr. Hamshe Rodriguez (from 31 July 2019)

Chief Finance Officer
Chief Executive Officer
Director
Director
Director
Director
Director
Director

C. Transactions and balances with related parties during the year :

Nature of transactions

Transactions during the year

Interest income on inter corporate deposits

Charosa Wineries Limited
HCC Infrastructure Company Limited
HRL (Thane) Real Estate Limited

Interest income on lease deposit

Hincon Finance Limited

Financial guarantee income

Hindustan Construction Company Limited
Charosa Wineries Limited
Dhule Palesner Operations and Maintenance Limited
HCC Power Limited

Interest expenses on inter corporate deposit

HCC Infrastructure Company Limited
Hindustan Construction Company Limited

Rental charges

Hincon Finance Limited

Inter corporate deposit given during period

HRL Township Developers Limited
HRL (Thane) Real Estate Limited
Nashik Township Developers Limited
Lavasa Corporation Limited
Powai Real Estate Developers Limited
HCC Realty Limited

	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
Interest income on inter corporate deposits		
Charosa Wineries Limited	-	572.16
HCC Infrastructure Company Limited	-	872.90
HRL (Thane) Real Estate Limited	461.97	412.08
	<u>461.97</u>	<u>1,857.14</u>
Interest income on lease deposit		
Hincon Finance Limited	47.47	34.97
	<u>47.47</u>	<u>34.97</u>
Financial guarantee income		
Hindustan Construction Company Limited	454.53	454.07
Charosa Wineries Limited	-	221.74
Dhule Palesner Operations and Maintenance Limited	14.08	3.70
HCC Power Limited	26.72	-
	<u>495.33</u>	<u>679.51</u>
Interest expenses on inter corporate deposit		
HCC Infrastructure Company Limited	-	254.38
Hindustan Construction Company Limited	3,269.67	2,932.18
	<u>3,269.67</u>	<u>3,186.56</u>
Rental charges		
Hincon Finance Limited	68.24	104.89
	<u>68.24</u>	<u>104.89</u>
Inter corporate deposit given during period		
HRL Township Developers Limited	0.53	0.68
HRL (Thane) Real Estate Limited	1.34	1.03
Nashik Township Developers Limited	0.04	1.10
Lavasa Corporation Limited	-	36.50
Powai Real Estate Developers Limited	0.33	0.87
HCC Realty Limited	1.40	0.69
	<u>3.64</u>	<u>40.87</u>



HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	Year ended 31 March 2020 (Rs. in lakhs)	Year ended 31 March 2019 (Rs. in lakhs)
Inter corporate deposit received back		
Charosa Wineries Limited	-	3.05
Maan Township Developers Limited	-	22.27
		25.32
Inter corporate deposit taken during period		
Highbar Technologies Limited	-	30.98
Maan Township Developers Limited	-	32.97
Panchkuli Developers Limited	0.61	-
Hindustan Construction Company Limited	235.96	2,221.46
	236.57	2,285.41
Inter corporate deposit repaid		
HCC Infrastructure Company Limited	317.76	-
Highbar Technologies Limited	0.04	-
Maan Township Developers Limited	1.93	-
Panchkuli Developers Limited	-	1.74
Hindustan Construction Company Limited	-	1,972.83
	319.73	1,974.67
Transfer of guarantee obligation [Refer note 23(iv)]		
Hindustan Construction Company Limited	-	3,000.00
Security deposit received back		
Hincon Finance Limited	286.22	-
	286.22	-
Balances at the year end	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
Loans receivable		
HRL (Thane) Real Estate Limited **	4,169.99	3,706.68
Nashik Township Developers Limited *	150.79	150.75
Lavasa Corporation Limited *	7,551.33	7,551.33
HCC Aviation Limited *	1,584.24	1,584.24
Rhapsody Commercial Space Limited *	1,064.25	1,064.25
HRL Township Developers Limited	0.53	-
Powai Real Estate Developers Limited *	1.46	1.13
HCC Realty Limited	2.09	0.69
	14,524.68	14,059.07
* An impairment loss allowance equivalent to the amount outstanding as at 31 March 2020 has been recognised.		
** An impairment loss allowance has been recognised to the extent of Rs. 1,409.42 lakhs (31 March 2019: Rs. 1,262.57 lakhs).		
Capital Advances		
Lavasa Corporations Limited *	500.00	500.00
* An impairment loss allowance equivalent to the amount outstanding as at 31 March 2020 has been recognised.		
Loan payables		
Hindustan Construction Company Limited	49,480.45	45,974.82
Highbar Technologies Limited	626.26	626.30
Panchkuli Developers Limited	118.91	118.30
HCC Infrastructure Company Limited	1,564.01	1,881.77
Maan Township Developers Limited	31.04	32.07
	51,820.67	48,634.16
Outstanding interest receivable		
HRL (Thane) Real Estate Limited *	3.15	3.15
Nashik Township Developers Limited *	1.85	1.85
Lavasa Corporation Limited *	6,215.25	6,215.25
Rhapsody Commercial Space Limited *	438.05	438.05
Powai Real Estate Developers Limited *	0.02	0.02
	6,658.32	6,658.32
* An impairment loss allowance equivalent to the amount outstanding as at 31 March 2020 has been recognised.		
Outstanding interest payable		
Panchkuli Developers Limited	21.22	27.39
Highbar Technologies Limited	154.20	152.41
	175.42	179.80
Trade payables		
Highbar Technologies Limited	31.07	30.38
Steiner India Limited	3.28	3.64
	34.35	34.02
Corporate guarantee given and included in investments		
Lavasa Corporation Limited	3,442.16	3,442.16
Warasgaon Asset Maintenance Limited *	3,513.67	3,513.67
	6,955.83	6,955.83
* An impairment loss allowance equivalent to the amount outstanding as at 31 March 2020 has been recognised.		
Security deposit given and outstanding		
Hincon Finance Limited	-	286.22
		286.22
Security deposit payable		
Highbar Technologies Limited	650.00	650.00



HREL Real Estate Limited
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

	As at 31 March 2020 (Rs. in lakhs)	As at 31 March 2019 (Rs. in lakhs)
Balances at the year end		
Financial liability on account of guarantee		
Lavasa Corporation Limited	1,886.97	1,886.97
Warasgaon Asset Maintenance Limited	3,082.65	3,082.65
Hindustan Construction Company Limited	707.48	1,161.99
Dhule Palesner Operations and Maintenance Limited	55.88	65.17
HCC Power Limited	41.91	-
	5,774.89	6,196.78
Deemed equity investment by holding company		
Hindustan Construction Company Limited	13,803.92	13,803.92
Contingent liability on account of corporate guarantees/ put option		
Lavasa Corporation Limited	274,343.35	229,351.04
Warasgaon Asset Maintenance Limited	180,429.29	157,518.05
Hindustan Construction Company Limited	1,029,894.00	983,376.88
Dhule Palesner Operations and Maintenance Limited	4,145.84	3,830.35
HCC Power Limited	2,000.00	-
	1,490,812.48	1,374,076.32
Other outstanding arrangements		
1) Investments in shares of companies, pledged in favor of lenders	Number of shares	Number of shares
Lavasa Corporation Limited	546,842,513	546,842,513
HRL (Thane) Real Estate Limited	100,000	100,000
2) HCC Infrastructure Limited have contractually agreed to reimburse to the Company, any cash outflow that the Company may have to incur in relation to invocation of guarantees by the lenders, towards the borrowings availed by Dhule Palesner Operations and Maintenance Limited and HCC Power Limited.		
3) Charge has been created on the net balance of loan receivable from HRL (Thane) Real Estate Limited towards the Inter corporate deposit availed from HCC Infrastructure Limited.		

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

I 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.

Particulars	Year ended 31 March 2020 ** (Rs. in lakhs)	Year ended 31 March 2019* (Rs. in lakhs)
a) Changes in defined benefit obligations		
Present value of obligation as at the beginning of the year	14.06	12.17
Interest cost	-	-
Past service cost	-	-
Current service cost	-	1.89
Remeasurements - Net actuarial (gains)/ losses	-	-
Benefits paid	(4.86)	-
	9.20	14.06
Add: Provision for separated employees	-	-
	9.20	14.06
Less: Excess transferred to Statement of Profit and Loss	(9.20)	-
Present value of obligation as at the end of the year	-	14.06
Classification		
Non-current	-	11.58
Current	-	2.48
b) Expenses recognized in the Statement of Profit and Loss		
Current service cost	-	1.89
Total	-	1.89

** As at 31 March 2020, there are no employees in the Company. Hence in the current financial year, the Company has not recognized any cost towards gratuity liability.

* As at 31 March 2019, the Company had only two employees. Hence the Company had recognized the cost towards gratuity liability based on the guidance given in Payment of Gratuity Act, 1972.

II Defined contribution plans

The Company has recognized the following amounts in the Statement of Profit and Loss for the year:

(I) Contribution to provident fund

0.06	5.41
0.06	5.41

III The expenses for leave entitlement and compensated absences is not recognized in the current financial year as there are no employees as at 31 March 2020 (31 March 2019: Rs.6.39 lakhs).

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27 Financial instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

A. Financial instruments by category

The carrying value and the fair value of financial instruments by each category as at 31 March 2020 :

Particulars	Financial assets / liabilities at amortised costs	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	(Rs. in lakhs)	
				Total carrying value	Total fair value
Assets					
Investments	1,951.33	0.44	-	1,951.77	1,951.77
Loans	14,524.68	-	-	14,524.68	14,524.68
Other financial assets	-	-	-	-	-
Cash and cash equivalents	0.43	-	-	0.43	0.43
Liabilities					
Borrowings	51,820.66	-	-	51,820.66	51,820.66
Other financial liabilities	6,604.69	-	-	6,604.69	6,604.69
Trade payables	44.59	-	-	44.59	44.59

The carrying value and the fair value of financial instruments by each category as at 31 March 2019 :

Particulars	Financial assets / liabilities at amortised costs	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	(Rs. in lakhs)	
				Total carrying value	Total fair value
Assets					
Investments	1,951.33	0.39	-	1,951.72	1,951.72
Loans	14,059.07	-	-	14,059.07	14,059.07
Other financial assets	3.15	-	-	3.15	3.15
Cash and cash equivalents	-	-	-	-	-
Liabilities					
Borrowings	48,634.16	-	-	48,634.16	48,634.16
Other financial liabilities	7,088.40	-	-	7,088.40	7,088.40
Trade payables	61.43	-	-	61.43	61.43

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 2020			31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments	0.44	-	-	0.39	-	-

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28 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 and commodity 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:

Particulars	31 March 2020 Rs. in lakhs	31 March 2019 Rs. in lakhs
Increase in basis points	50 basis points	50 basis points
Effect on loss before tax, increase by	112.30	127.46
Decrease in basis points	50 basis points	50 basis points
Effect on loss before tax, decrease by	112.30	127.46

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 any balances outstanding in foreign currency and consequently the Company is not exposed to foreign exchange risk.

c. Equity price risk

The Company has not invested in listed securities except in mutual funds, thus the equity price risk of the Company is minimal.

(ii) Credit Risk

The Gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

Particulars	31 March 2020 (Rs. in lakhs)	31 March 2019 (Rs. in lakhs)
Investments	1,951.77	1,951.72
Cash and cash equivalents and other bank balances	0.43	-
Other financial assets	-	3.15
Loans	2,763.84	2,731.66
Total	4,716.03	4,686.53

(iii) Liquidity risk

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

As at 31 March 2020 :

Particulars	On demand	Contractual Cash flow			Total
		0-12 Months	1 - 5 years	More than 5 years	
Borrowings (including current maturities)	-	51,820.66	-	-	51,820.66
Other financial liabilities	-	5,799.45	805.24	-	6,604.69
Trade and other payables	-	44.59	-	-	44.59
Total	-	57,664.70	805.24	-	58,469.94

As at 31 March 2019 :

Particulars	On demand	Contractual Cash flow			Total
		0-12 Months	1 - 5 years	More than 5 years	
Borrowings (including current maturities)	-	48,634.16	-	-	48,634.16
Other financial liabilities	-	6,853.87	234.53	-	7,088.40
Trade and other payables	-	61.43	-	-	61.43
Total	-	55,549.46	234.53	-	55,783.99

29 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 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.

Particulars	As at 31 March 2020 Rs. in lakhs	As at 31 March 2019 Rs. in lakhs
Total debts (non current and current)	(a) 51,996.08	48,813.96
Total equity	(b) (51,610.66)	(49,122.99)
Gearing ratio (in times) (a/b)	(1.01)	(0.99)



HREL Real Estate Limited

(formerly known as HCC Real Estate Limited)

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2020

30 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

There are no micro and small enterprises to whom the Company owes dues and which are outstanding as at 31 March 2020. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act (MSMED) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no interest paid or payable during the year.

31 Operating Lease

The Company has elected to account for its short-term lease using the practical expedient. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss. The said lease has been terminated during the year thus there are no future committed lease rentals.

Particulars	31 March 2020 Rs. in lakhs	31 March 2019 Rs. in lakhs
A. Future lease rental payments		
- Not later than one year	-	67.84
- Later than one year and not later than five years	-	22.61
- Later than five years	-	-
B. Lease expense recognised during the year	68.24	104.69

32 This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2020 and 31 March 2019.

Particulars	31 March 2020	31 March 2019
Cash and cash equivalents	(0.43)	-
Current borrowings (including current maturities)	51,820.67	48,634.16
Interest payable on borrowings	175.42	179.80
Net Debt	51,995.66	48,813.96

Year ended 31 March 2020

Particulars	Cash and cash equivalents	Other Assets Liquid Investments	Liabilities from Financing Activities Non-Current Borrowings	Current Borrowings	Total
Net Debt as at 31 March 2019	-	-	-	48,813.96	48,813.96
Cash Flows	(0.43)	-	-	(83.16)	(83.59)
Interest Expense	-	-	-	3,269.67	3,269.67
Interest paid	-	-	-	(4.38)	(4.38)
Net Debt as at 31 March 2020	(0.43)	-	-	51,995.09	51,995.66

Year ended 31 March 2019

Particulars	Cash and cash equivalents	Other Assets Liquid Investments	Liabilities from Financing Activities Non-Current Borrowings	Current Borrowings	Total
Net Debt as at 31 March 2018	(8.63)	-	25,951.33	25,791.29	51,733.99
Cash Flows	8.63	-	(25,951.33)	26,773.58	830.88
Interest Expense	-	-	-	3,186.56	3,186.56
Interest paid	-	-	-	(6,937.47)	(6,937.47)
Net Debt as at 31 March 2019	-	-	-	48,813.96	48,813.96

33 The Company is principally engaged in a single business segment i.e. Real estate activity, with owned or leased property.

34 The Company has accumulated losses of Rs. 112,850.89 lakhs, resulting in negative net worth of Rs. 51,610.66 lakhs as at 31 March 2020. The Company's current liabilities exceeds its current assets by Rs. 57,566.90 lakhs as at that date and loss for the current year amounts to Rs. 2,419.05 lakhs. Although these events or conditions may cast significant doubt on the Company's ability to continue as a going concern, the management holds the view that the Company will realise its assets and discharge liabilities in the normal course of business. Based on the evaluation of the current situation and business prospects, management is confident of revival of operations. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern.

35 Pursuant to the requirements of Section 203(1) of the Companies Act, 2013, the Company is required to have a whole time Company Secretary and a whole time Chief Financial Officer. During the year ended 31 March 2020, the Company Secretary and the Chief Financial Officer have resigned. The Company, as at the date of adoption of these financial statements, has not been able to fill such vacancies. Hence these financial statements have been signed by only two directors, which is not in alignment with the requirements of Section 134(1) of the Companies Act, 2013. In view of the management, the amount of penalty/ fine that may be levied for such non-compliance including compounding is not expected to be material and accordingly, the accompanying financial statements do not include the effect of possible adjustments for the same.

36 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreaks declared as a global pandemic by the World Health Organization. On 24 March 2020, the Indian Government had announced a strict 21 day lockdown which was further extended up to 31 May 2020. At this stage, based on the assessment carried out by the management, the impact of COVID-19 on business and financial position is limited. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

37 Recent accounting update

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from 1 April 2020.

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

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

Vijay D. Jain
Partner
Membership No. 117961

Place: Mumbai
Date: 22 June 2020



For and on behalf of Board of Directors

Sridevi Iyengar
Director
DIN No. - 06981630

Arun Kumar Singh
Director
DIN No. - 06982134

Place: Mumbai
Date: 22 June 2020

Place: Mumbai
Date: 22 June 2020

