

**INDEPENDENT AUDITOR'S REPORT**

To the Members of HREL Real Estate Limited

Report on the Audit of Ind AS Financial Statements

**Adverse Opinion**

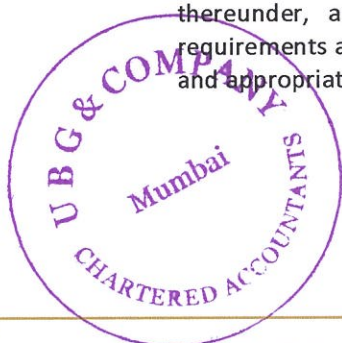
We have audited the accompanying Ind AS financial statements of HREL Real Estate Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income) and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (Herein after referred to as "Ind AS Financial Statements")

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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2021 and its profit, changes in equity and its cash flows for the year ended as on that date.

**Basis for Adverse Opinion**

As stated in Note 32 to the accompanying financial statements, which indicate that the Company has accumulated losses of Rs. of Rs. 1,12,370.35 lakhs (*Previous Year : Rs. 1,12,850.89 lakhs*), resulting in negative net worth of Rs. 51,130.12 lakhs (*Previous Year: Rs 51,610.66*) as at 31<sup>st</sup> March, 2021. The Company's current liabilities exceeds its current assets by Rs 57,577.20 lakhs (*Previous Year: Rs. 57,566.89 lakhs*) as at that date which has 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 Note 22(iii) of the financials, which is likely to further increase the net loss, accumulated losses and net current liabilities by Rs. 5,76,470.00 lakhs (*Previous Year: Rs. 4,54,772.64 lakhs*). Considering such factors and in the absence of necessary and adequate evidence with respect of the Company's assessment of going concern, as per our judgement, management's use of going concern basis of accounting in the financial statements is inappropriate.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 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.



## Emphasis of Matter

1. We draw attention to Note 22(iii) to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating Rs. 576,470.00 lakhs (*Previous Year* Rs. 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 Centre 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 made in the financial statements by the management stating that the impact, if any is currently unascertainable.
2. Certificates/Confirmations were not available from Banks for Bank Balances amounting to Rs.0.44 lakhs as on 31<sup>st</sup> March, 2021.

Our opinion is not modified in respect of these matters.

## Other Matter

The financial statements of HREL Real Estate Limited for the year ended March 31, 2020, were audited by another auditor who expressed an adverse opinion on those statements on March 31, 2020.

Our opinion is not modified in respect of these matters.

## Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.





## Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[v] and cash flows of the Company in accordance with[vi] the accounting principles generally accepted in India, including the accounting Standards 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism during 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal controls systems in place and the operative effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the 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 auditors



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.

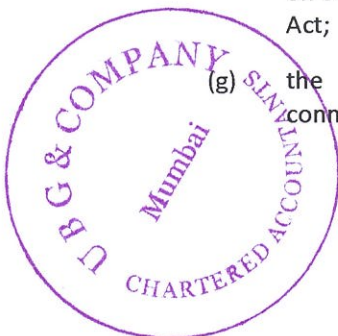
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. 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.
2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143 (3) of the Act, we report that:
  - (a) except for the matters described in the Basis for Adverse Opinion section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) 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;
  - (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 the Ind AS specified under Section 133 of the Act;
  - (e) the matters described in para 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 as on 31st March, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) the modification relating to the maintenance of the 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 the financial statements of the Company as on 31<sup>st</sup> March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date as per Annexure B expressed an adverse opinion; and
- (i) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:-
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements
  - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

*(Note: Due to COVID-19 Pandemic Lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium, without physically verifying at their office.)*

For U B G & CO  
Chartered Accountants  
FRN: 141076W

  
Gaurav J. Parekh  
Partner  
M No: 140694

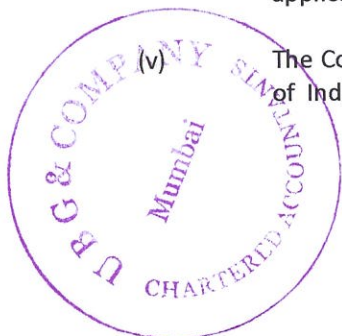


Date: 24.05.2021  
Place: Mumbai  
UDIN: 21140694AAAADG1084

**"ANNEXURE A" TO INDEPENDENT AUDITORS' REPORT OF HREL REAL ESTATE LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

The Annexure referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date:

- (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 programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) Company does not own immovable properties and hence paragraph 3(i)(c) of the Order is 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 loans to eight companies covered in the register maintained under section 189 of the Companies Act, 2013 ("The Act")
  - a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the body corporate listed in the register maintained under Section 189 of the Act, were not, prima facie, prejudicial to the interest of the Company
  - b) The Schedule of repayment of 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 stipulation with regard to repayment of principal and payment of interest, we are unable to comment on the overdue interest amounts for more than 90 days in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act, 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 not entered into any transaction in respect of loan, investment, guarantee and securities, which attract compliance to the provisions of section 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits and the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the





Companies Act and the rules framed thereunder are not applicable to the company.

(vi) We have been informed that the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the Goods provided and Services rendered by the Company, which has been relied upon.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service-tax, custom duty, excise duty, VAT, GST, 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:

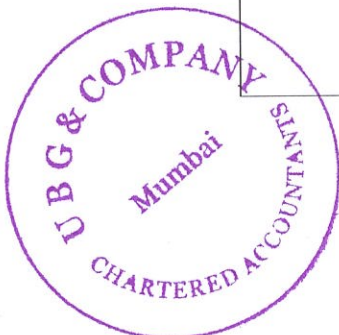
**Statement of arrears of statutory dues for more than six months**

| 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 Lakhs           | March 2018 to November 2018        | 30 <sup>th</sup> April, 2018 | Not paid till date |

(b) There were no dues in respect of Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Services Tax and other material statutory dues 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:-

| Name of the statute  | Nature of the 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 | 2.36                  | -  | 2005-06                                 | CIT(Appeals)                   |
|                      |                      | 35.24                 | -  | 2008-09                                 | CIT(Appeals)                   |
|                      |                      | 133.57                | -  | 2009-10                                 | CIT(Appeals)                   |
|                      |                      | 697.71                | -  | 2010-11                                 | Bombay High Court              |
|                      |                      | 1,800.76              | 62.71                                    | 2011-12                                 | CIT(Appeals)                   |
|                      |                      | 713.74                | 107.00                                   | 2012-13                                 | CIT(Appeals)                   |
|                      |                      | 573.32                | 86.00                                    | 2013-14                                 | CIT(Appeals)                   |
|                      |                      | 491.75                | -  | 2016-17                                 | CIT(Appeals)                   |
|                      |                      | 266.82                | -  | 2017-18                                 | CIT(Appeals)                   |



- (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, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and did not obtained any term loan during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of 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 to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. Further, in our opinion, the Company is not required to constitute an audit committee under Section 177 of the Act.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*(Note: Due to COVID-19 Pandemic Lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out **based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium, without physically verifying at their office.**)*

For U B G & Co.  
Chartered Accountants  
FRN: 141076W

  
Gaurav J. Parekh  
Partner  
M No: 140694



Date: 24.05.2021  
Place: Mumbai  
UDIN: 21140694AAAADG1084



## **"ANNEXURE B" TO INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HREL Real Estate Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind-AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in "the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide



reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Adverse Opinion**

According to the information and explanation 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<sup>st</sup> March 2021;

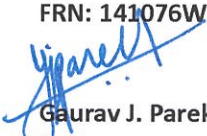
The Company's internal controls over financial reporting with respect to financial statements closure process in terms of assessing the Company's ability to continue as a going concern were not operating effectively, which is likely to result in material misstatements in the carrying value and classification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

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.

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting as on 31<sup>st</sup> March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and because of the possible effects of the material weakness described above on the achievements of the objectives of the control criteria, the Company's internal financial controls over financial reporting were not operating effectively as on 31<sup>st</sup> March, 2021.

*(Note: Due to COVID-19 Pandemic Lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium, without physically verifying at their office.)*

For U B G & Co.  
Chartered Accountants  
FRN: 141076W

  
Gaurav J. Parekh  
Partner  
M No: 140694



Date: 24.05.2021  
Place: Mumbai  
UDIN: 21140694AAAADG1084



HREL Real Estate Limited  
(formerly known as HCC Real Estate Limited)  
Balance Sheet as at 31 March 2021

| Particulars  | Note No. | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|----------|--|--|
| <b>ASSETS</b>  |          |  |  |
| <b>Non-current assets</b>  |          |  |  |
| Property, plant and equipment                                    | 3        | 1.00                                     | 1.18                                     |
| Financial assets   |          |  |  |
| Investments  | 4        | 1,951.33                                 | 1,951.33                                 |
| Loans  | 5        | 2,760.74                                 | 2,760.57                                 |
| Other financial assets   | 6        | -  | -  |
| Income tax assets (net)  | 7        | 2,048.40                                 | 2,048.40                                 |
| Other non-current assets   | 8        | -  | -  |
| <b>Total non-current assets</b>                                  |          | <b>6,761.47</b>                          | <b>6,761.47</b>                          |
| <b>Current assets</b>  |          |  |  |
| Inventories  | 9        | -  | -  |
| Financial assets   |          |  |  |
| Investments  | 4        | 0.48                                     | 0.44                                     |
| Cash and cash equivalents  | 10       | 0.44                                     | 0.43                                     |
| Loans  | 5        | 2.16                                     | 3.27                                     |
| Other current assets   | 8        | 115.76                                   | 113.77                                   |
| <b>Total current assets</b>                                      |          | <b>118.84</b>                            | <b>117.91</b>                            |
| <b>TOTAL ASSETS</b>  |          | <b>6,880.31</b>                          | <b>6,879.39</b>                          |
| <b>EQUITY AND LIABILITIES</b>                                    |          |  |  |
| <b>Equity</b>  |          |  |  |
| Equity share capital   | 11       | 6,619.32                                 | 6,619.32                                 |
| Other equity   |          | (57,749.44)                              | (58,229.98)                              |
| <b>Total equity</b>  |          | <b>(51,130.12)</b>                       | <b>(51,610.66)</b>                       |
| <b>Non current liabilities</b>                                   |          |  |  |
| Financial liabilities  |          |  |  |
| Borrowings   | 12       | -  | -  |
| Other financial liabilities                                      | 13       | 314.40                                   | 805.24                                   |
| Other non-current liabilities                                    | 16       | -  | -  |
| <b>Total non-current liabilities</b>                             |          | <b>314.40</b>                            | <b>805.24</b>                            |
| <b>Current liabilities</b>                                       |          |  |  |
| Financial liabilities  |          |  |  |
| Borrowings   | 12       | 20,090.41                                | 20,083.96                                |
| Trade payables   | 15       | -  | -  |
| Dues of micro, small and medium enterprises                      |          | -  | -  |
| Dues of creditors other than micro, small and medium enterprises |          | 42.71                                    | 44.59                                    |
| Other financial liabilities                                      | 13       | 37,543.03                                | 37,536.16                                |
| Other current liabilities  | 16       | 19.88                                    | 20.10                                    |
| <b>Total current liabilities</b>                                 |          | <b>57,696.03</b>                         | <b>57,684.81</b>                         |
| <b>TOTAL EQUITY AND LIABILITIES</b>                              |          | <b>6,880.31</b>                          | <b>6,879.39</b>                          |

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 U B G & CO  
Chartered Accountants  
Firm's Registration No: 141076W

Gaurav J. Parekh  
Partner  
Membership No.: 140694

Place: Mumbai  
Date:

24 MAY 2021

For and on behalf of the Board of Directors

Sridevi Iyengar  
Director  
DIN No:- 06981630

Inderpal Singh  
Director  
DIN No:- 08808066

Place: Mumbai  
Date:

Place: Mumbai  
Date:

24 MAY 2021

24 MAY 2021

**HREL Real Estate Limited**
*(formerly known as HCC Real Estate Limited)*
**Statement of Profit and Loss for the year ended 31 March 2021**

| Particulars   | Note No. | Year ended<br>31 March 2021<br>(Rs. in lakhs) | Year ended<br>31 March 2020<br>(Rs. in lakhs) |
|---|----------|---|---|
| <b>Income</b>   |          |   |   |
| Revenue from operations   |          | -   | -   |
| Other income  | 17       | 490.88  | 1,140.12                                      |
| <b>Total income</b>   |          | <b>490.88</b>                                 | <b>1,140.12</b>                               |
| <b>Expenses</b>   |          |   |   |
| Changes in inventory of project work-in-progress                      | 18       | -   | -   |
| Employee benefits expense   | 19       | -   | 15.55   |
| Finance costs   | 20       | -   | 3,289.74                                      |
| Depreciation expense  | 3        | 0.18  | 0.21  |
| Other expenses  | 21       | 10.16   | 253.67  |
| <b>Total expenses</b>   |          | <b>10.34</b>                                  | <b>3,559.18</b>                               |
| <b>Loss before exceptional item and tax</b>                           |          | <b>480.54</b>                                 | <b>(2,419.05)</b>                             |
| Exceptional items   | 21.1     | -   | -   |
| <b>Loss before tax</b>  |          | <b>480.54</b>                                 | <b>(2,419.05)</b>                             |
| <b>Tax expense</b>  |          |   |   |
| Current income tax  |          | -   | -   |
| Deferred income tax   |          | -   | -   |
| <b>Loss for the year (A)</b>  |          | <b>480.54</b>                                 | <b>(2,419.05)</b>                             |
| <b>Other Comprehensive Income (OCI)</b>                               |          |   |   |
| (a) Items that will not be reclassified to profit or loss             |          |   |   |
| Re-measurement of defined benefit plans                               |          | -   | -   |
| <b>Other comprehensive income/(loss) for the year, net of tax (B)</b> |          | <b>-</b>                                      | <b>-</b>                                      |
| <b>Total comprehensive loss for the year, net of tax (A+B)</b>        |          | <b>480.54</b>                                 | <b>(2,419.05)</b>                             |
| <b>Loss per equity share of face value of Rs. 10 each</b>             |          |   |   |
| Basic and diluted (in Rs.)  | 22       | 0.73  | (3.65)  |

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 U B G & CO**

Chartered Accountants

Firm's Registration No: 141076W



*[Signature]*

**Gaurav J. Parekh**

Partner

Membership No.: 140694

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

*[Signature]*

**Sridevi Iyengar**

Director

DIN No:- 06981630

*[Signature]*

**Inderpal Singh**

Director

DIN No:- 08808066

Place: Mumbai

Date:

24 MAY 2021



Place: Mumbai

Date:

24 MAY 2021

Place: Mumbai

Date:

24 MAY 2021



HREL Real Estate Limited  
(formerly known as HCC Real Estate Limited)  
Cash Flow Statement for the year ended 31 March 2021

| Particulars  | Year ended<br>31 March 2021<br>(Rs. in lakhs) | Year ended<br>31 March 2020<br>(Rs. in lakhs) |
|--|---|---|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                |   |   |
| Loss before tax  | 480.54  | (2,419.05)                                    |
| Adjustment for:  |   |   |
| Depreciation expense   | 0.18  | 0.21  |
| Finance cost   | -   | 3,269.67                                      |
| Interest income  | -   | (461.97)                                      |
| Dividend income  | (0.04)  | (0.05)  |
| Notional income from financial guarantees given                              | (490.84)                                      | (495.33)                                      |
| Deposits written off   | 0.62  | -   |
| Notional Income from security deposit  | -   | (47.47)                                       |
| Provision written back   | -   | (16.77)                                       |
| Impairment on loans  | 0.31  | 150.37  |
| Fair value of guarantee given to fellow subsidiary                           | -   | (68.62)                                       |
| <b>Operating profit before working capital changes</b>                       | <b>(9.23)</b>                                 | <b>(89.01)</b>                                |
| Adjustments for changes in working capital:                                  |   |   |
| (Increase)/Decrease in other assets  | (1.99)  | 85.87   |
| Increase in other financial liabilities                                      | -   | 22.86   |
| Increase/ (decrease) in provisions   | -   | (6.96)  |
| Increase in other current liabilities  | (0.22)  | (239.29)                                      |
| Decrease in trade payables   | (1.87)  | (1.21)  |
| Bank account attached by income tax authorities                              | -   | (0.33)  |
| <b>Operating profit after working capital changes</b>                        | <b>(13.31)</b>                                | <b>(228.07)</b>                               |
| Income taxes (paid)/ refund  | -   | (14.39)                                       |
| <b>Net cash used in operating activities (A)</b>                             | <b>(13.31)</b>                                | <b>(242.46)</b>                               |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                |   |   |
| Loans and advances received  | 0.53  | -   |
| Loans and advances given   | (0.55)  | (3.64)  |
| Receipt from security deposit  | -   | 333.69  |
| Dividend received  | -   | 0.05  |
| <b>Net cash generated from investing activities (B)</b>                      | <b>(0.02)</b>                                 | <b>330.10</b>                                 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                |   |   |
| Repayment of borrowings  | (0.18)  | (319.73)                                      |
| Proceeds from borrowings   | 13.52   | 236.57  |
| Finance cost on borrowings   | -   | (4.38)  |
| <b>Net cash generated from/ (used in) financing activities (C)</b>           | <b>13.34</b>                                  | <b>(87.54)</b>                                |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>          | <b>0.01</b>                                   | <b>0.10</b>                                   |
| Cash and cash equivalents at the beginning of the year                       | 0.10  | -   |
| <b>Cash and cash equivalents at the end of the year (Refer note 3 below)</b> | <b>0.11</b>                                   | <b>0.10</b>                                   |

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 ended 31 March 2020 excluded:
  - 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.

3) Reconciliation of Cash and cash equivalents

|  | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Balance of Cash and cash equivalents as above              | 0.11          | 0.10          |
| Add: Bank account attached by income tax authorities       | 0.33          | 0.33          |
| <b>Balance of Cash and cash equivalents as per note 10</b> | <b>0.44</b>   | <b>0.43</b>   |

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 U B G & CO  
Chartered Accountants  
Firm's Registration No: 141076W

Gaurav J. Parekh  
Partner  
Membership No.: 140694

Place: Mumbai  
Date:

For and on behalf of Board of Directors

Sridevi Iyengar  
Director  
DIN No:- 06981630

Inderpal Singh  
Director  
DIN No:- 08808066

Place: Mumbai  
Date:

24 MAY 2021



24 MAY 2021



**HREL Real Estate Limited**  
(formerly known as HCC Real Estate Limited)  
**Statement of Changes in Equity for the year ended 31 March 2021**

**A) Equity share capital**

| Particulars  | Number      | (Rs. in lakhs) |
|--|-------------|----------------|
| Equity shares of Rs.10 each subscribed and paid up |             |                |
| <b>As at 1 April 2019</b>                          | 6,61,93,185 | 6,619.32       |
| Issue of equity shares during the year             |             | -              |
| <b>As at 31 March 2020</b>                         | 6,61,93,185 | 6,619.32       |
| Issue of equity shares during the period           |             | -              |
| <b>As at 31 March 2021</b>                         | 6,61,93,185 | 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 |   |
| <b>As at 1 April 2019</b>                           | 13,803.92                                   | 40,816.99                  | (1,10,363.22)     | (55,742.31)                                 |
| Deemed distribution/ repayment (Refer note 2 below) | -   | -                          | (68.62)           | (68.62)                                     |
| Loss for the year                                   | -   | -                          | (2,419.05)        | (2,419.05)                                  |
| Other comprehensive income for the year             | -   | -                          | -                 | -   |
| <b>As at 31 March 2020</b>                          | 13,803.92                                   | 40,816.99                  | (1,12,850.89)     | (58,229.98)                                 |
| Deemed distribution/ repayment                      | -   | -                          | -                 | -   |
| Profit for the year                                 | -   | -                          | 480.54            | 480.54                                      |
| <b>As at 31 March 2021</b>                          | 13,803.92                                   | 40,816.99                  | (1,12,370.35)     | (57,749.44)                                 |

**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 U B G & CO  
Chartered Accountants  
Firm's Registration No: 141076W

**Gaurav J. Parekh**  
Partner  
Membership No.: 140694

Place: Mumbai  
Date: 24 May 2021



For and on behalf of Board of Directors

**Sridevi Iyengar**  
Director  
DIN No.: 06981630

Place: Mumbai  
Date: 24 May 2021

**Inderpal Singh**  
Director  
DIN No.: 08808066

Place: Mumbai  
Date: 24 May 2021

*S. Sridevi* *Inderpal Singh*



## **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 Hincan 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 2021 were approved and authorised for issue by the board of directors on 24 May 2021.

### **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 recognises 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 plan, 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 an 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**

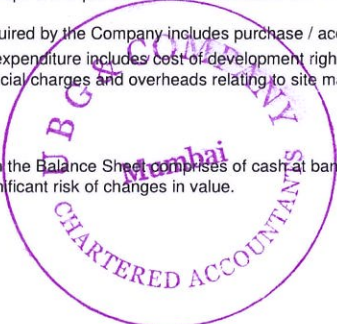
**a** Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at cost or net realizable value, whichever is lower.

**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 2021****3) Property, plant and equipment****Tangible assets****(Rs. in lakhs)**

| Particulars                       | Office equipment | Total       |
|-----------------------------------|------------------|-------------|
| <b>Gross carrying value</b>       |                  |             |
| <b>As at 1 April 2019</b>         | <b>2.81</b>      | <b>2.81</b> |
| Additions                         | -                | -           |
| <b>As at 31 March 2020</b>        | <b>2.81</b>      | <b>2.81</b> |
| Additions                         | -                | -           |
| <b>As at 31 March 2021</b>        | <b>2.81</b>      | <b>2.81</b> |
| <b>Accumulated depreciation</b>   |                  |             |
| <b>As at 1 April 2019</b>         | <b>1.42</b>      | <b>1.42</b> |
| Depreciation/ amortisation charge | 0.21             | 0.21        |
| <b>As at 31 March 2020</b>        | <b>1.63</b>      | <b>1.63</b> |
| Depreciation/ amortisation charge | 0.18             | 0.18        |
| <b>As at 31 March 2021</b>        | <b>1.81</b>      | <b>1.81</b> |
| <b>Net carrying value</b>         |                  |             |
| <b>As at 31 March 2020</b>        | <b>1.18</b>      | <b>1.18</b> |
| <b>As at 31 March 2021</b>        | <b>1.00</b>      | <b>1.00</b> |

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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 2021**

|   | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|---|--|--|
| <b>4 Investment</b>   |  |  |
| <b>a) Non current investments</b>   |  |  |
| (Face value of Rs. 10 each, unless otherwise stated)                                  |  |  |
| <b>I. Investments in equity share, valued at deemed cost, fully paid up</b>           |  |  |
| <b>(i) In subsidiary companies in India</b>   |  |  |
| 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>                                 |
| <b>(ii) In others</b>   |  |  |
| 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>                                 |
| <b>(A)</b>  | <u>1,950.33</u>                          | <u>1,950.33</u>                          |
| <b>II. Investments valued at amortised cost</b>                                       |  |  |
| <b>Investments in preference shares (unquoted)</b>                                    |  |  |
| <b>(i) Fellow subsidiary</b>  |  |  |
| HCC Infrastructure Company Limited  | 1.00                                     | 1.00                                     |
| 10,000 (31 March 2019 - 10,000) 0.1% Non cumulative preference shares                 |  |  |
| <b>(ii) Others</b>  |  |  |
| 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>(B)</b>  | <u>1.00</u>                              | <u>1.00</u>                              |
| <b>III. Investments in other instruments</b>  |  |  |
| <b>(i) In others</b>  |  |  |
| 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>                                 |
| <b>(C)</b>  | <u>-</u>                                 | <u>-</u>                                 |
| <b>Total non-current investments [A+B+C]</b>  | <u>1,951.33</u>                          | <u>1,951.33</u>                          |





**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 2021**

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(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:   |  |  |
| <b>Name of the Company</b>   | <b>No. of equity shares pledged</b>      |  |
|  | <b>31 March 2021</b>                     | <b>31 March 2020</b>                     |
| Lavasa Corporation Limited   | 54,68,42,513                             | 54,68,42,513                             |
| HRL (Thane) Real Estate Limited  | 1,00,000                                 | 1,00,000                                 |
| 4.3 The Company has created pledge on 70,000 shares (31 March 2020: 70,000 shares) and subservient charge on 30,000 shares (31 March 2020: 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 2021 (31 March 2020: Rs 1,564.01 lakhs). |  |  |
| <b>b) Current investments (quoted)</b>   |  |  |
| <b>Investments in mutual funds carried at FVTPL</b>  |  |  |
| Nippon India Banking and PSU debt fund<br>(formerly known as Reliance Banking and PSU debt fund)<br>Current Year 2924.515 units @ 16.4212 each   | 0.48                                     | 0.44                                     |
| (31 March 2020: 2,924.515 units at NAV of Rs. 15.0857 each)  |  |  |
| <b>Total current investments</b>   | <b>0.48</b>                              | <b>0.44</b>                              |
| <b>Details:</b>  |  |  |
| (i) Market value of quoted investments   | 0.48                                     | 0.44                                     |
| (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  | 0.48                                     | 0.44                                     |

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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 2021**

|   | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|---|--|--|
| <b>5 Loans</b>  |  |  |
| <b>(Unsecured, considered good unless otherwise stated)</b>   |  |  |
| <b>Non-current</b>  |  |  |
| Loan to related parties (Refer note 24)   |  |  |
| Inter corporate deposits  | 4,322.03                                 | 4,321.86                                 |
| Less: Impairment loss provision   | (1,561.29)                               | (1,561.29)                               |
| <b>Total non-current loans*</b>   | <b>2,760.74</b>                          | <b>2,760.57</b>                          |
| * The net balance of loan amounting to Rs.2,760.71 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 2021 (31 March 2020: Rs 1,564.01 lakhs). |  |  |
| <b>Current</b>  |  |  |
| Loan to related parties (Refer note 24)   |  |  |
| Inter corporate deposits  | 10,202.02                                | 10,202.82                                |
| Less: Impairment loss provision   | (10,199.86)                              | (10,199.55)                              |
| Security deposits   |  |  |
| Related party (Refer note 24)   | -  | -  |
| <b>Total current loans</b>  | <b>2.16</b>                              | <b>3.27</b>                              |
| <b>Total loans</b>  | <b>2,762.90</b>                          | <b>2,763.84</b>                          |
| <b>6 Other financial assets</b>   |  |  |
| <b>Non-current</b>  |  |  |
| Interest receivable from  |  |  |
| - Related parties (Refer note 24)   | 6,658.32                                 | 6,658.32                                 |
| Less: Impairment loss provision   | (6,658.32)                               | (6,658.32)                               |
| <b>Total other financial assets</b>   | <b>-</b>                                 | <b>-</b>                                 |
| <b>7 Income tax assets (net)</b>  |  |  |
| <b>i. The following table provides the details of income tax assets and liabilities:</b>  |  |  |
| Income tax assets   | 2,048.40                                 | 2,048.40                                 |
| Less: Income tax liabilities  | -  | -  |
| <b>Total Income tax assets (net)</b>  | <b>2,048.40</b>                          | <b>2,048.40</b>                          |
| <b>ii. The gross movement in the Income tax asset/ (liability):</b>   |  |  |
| Net non-current income tax assets/ (liabilities) at the beginning   | 2,048.40                                 | 2,034.01                                 |
| Income tax paid   | -  | 14.39                                    |
| <b>Net non-current income tax assets at the end</b>   | <b>2,048.40</b>                          | <b>2,048.40</b>                          |
| <b>iii. Income tax expense in the statement of profit and loss comprises:</b>   |  |  |
| Current income taxes  | -  | -  |
| Deferred income taxes   | -  | -  |
| <b>Income tax expenses/(income) (net)</b>   | <b>-</b>                                 | <b>-</b>                                 |





**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 2021**

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| <b>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:</b> |  |  |
| Profit/(Loss) before income tax  | 480.54                                   | (2,419.05)                               |
| Applicable income tax rate   | 27.82%                                   | 26.00%                                   |
| <b>Computed expected tax expense</b>   | -  | -  |
| Effect of expenses not allowed for tax purpose   | 0.08                                     | 894.43                                   |
| Effect of income not considered for tax purpose  | (136.55)                                 | (261.24)                                 |
| Reversal of deferred tax assets in absence of reasonable certainty   | 136.47                                   | (633.19)                                 |
| <b>Income tax (income)/ expense charged to the statement of profit and loss</b>  | -  | -  |

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  | 28.01 |
| Assessment year 2020-21 and expiring in financial year 2027-28 | 219.03 | -     |

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 had evaluated and had not 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 24)

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

115.75 113.77

Other current assets

305.15 305.15

Less: Impairment loss provision

(305.15) (305.15)

Deferred lease assets

- -

**Total current assets**

115.76 113.77

**Total other assets**

115.76 113.77



**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 2021**

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| <b>9 Inventories</b>   |  |  |
| 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) |  |  |
| <b>Total Inventories</b>                                     | <b>-</b>                                 | <b>-</b>                                 |

- 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*                 | 0.44        | 0.43        |
| <b>Total cash and cash equivalents</b> | <b>0.44</b> | <b>0.43</b> |

\*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 (31 March 2020: Rs 0.33 Lakhs), has been attached by the Income tax department in relation to income tax assessment proceedings.

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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 2021**

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| <b>11 Equity share capital</b>   |  |  |
| <b>Authorised share capital</b>  |  |  |
| 70,000,000 equity shares of Rs. 10 each  | 7,000.00                                 | 7,000.00                                 |
| (31 March 2020: 70,000,000 equity shares of Rs.10 each)                            |  |  |
| <b>Total authorised share capital</b>  | <b>7,000.00</b>                          | <b>7,000.00</b>                          |
| <b>Issued, subscribed and paid up share capital:</b>                               |  |  |
| 66,193,185 (31 March 2020 : 66,193,185) equity shares of Rs. 10 each fully paid up | 6,619.32                                 | 6,619.32                                 |
| <b>Total issued, subscribed and paid up share capital</b>                          | <b>6,619.32</b>                          | <b>6,619.32</b>                          |

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

| Equity shares                 | As at 31 March 2021 |                 | As at 31 March 2020 |                 |
|-------------------------------|---------------------|-----------------|---------------------|-----------------|
|                               | No. of shares       | Rs. in lakhs    | No. of shares       | Rs. in lakhs    |
| At the beginning of the year  | 6,61,93,185         | 6,619.32        | 6,61,93,185         | 6,619.32        |
| Movement during the year      | -                   | -               | -                   | -               |
| <b>At the end of the year</b> | <b>6,61,93,185</b>  | <b>6,619.32</b> | <b>6,61,93,185</b>  | <b>6,619.32</b> |

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

| Particulars                             | As at 31 March 2021 |              | As at 31 March 2020 |              |
|---|---------------------|--------------|---------------------|--------------|
|   | No. of shares       | % of Holding | No. of shares       | % of Holding |
| Equity shares of Rs. 10 each fully paid |                     |              |                     |              |
| Hindustan Construction Company Limited  | 6,61,93,185         | 100%         | 6,61,93,185         | 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**  
(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 2021**

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| <b>12 Borrowings</b>   |  |  |
| <b>Non-current</b>   |  |  |
| Loans from related parties (secured) (Refer note 24)   |  |  |
| Inter corporate deposits   | 1,564.01                                 | 1,564.01                                 |
| Loans from related parties (unsecured) (Refer note 24)   |  |  |
| Inter corporate deposit from Holding Company   | 29,427.54                                | 29,427.53                                |
| Inter corporate deposit from other related parties   | 752.06                                   | 745.17                                   |
| Less: Current maturities of unsecured borrowings (Refer note 13)   | (31,743.61)                              | (31,736.71)                              |
| <b>Total Loans from related parties</b>  | -  | -  |
| <b>Total non-current borrowings (A)</b>  | -  | -  |
| <b>i) Interest and repayment details of loan from related parties (secured and unsecured) are as follows:</b>  |  |  |
| Inter corporate deposits carries 12.5% effective interest rate per annum and were repayable on 31 March 2021. However the above inter corporate deposits amounting to Rs.31,743.61 lakhs (Previous Year: Rs. 31,736.71 lakhs) have not been repaid as at the balance sheet date. |  |  |
| <b>ii) Loans from related party having outstanding balance of Rs. 1,564.01 lakhs as at 31 March 2021, is secured through a charge created on Inter corporate deposits receivable from HRL (Thane) Real Estate Limited.</b>   |  |  |
| <b>Current (unsecured)</b>   |  |  |
| Inter corporate deposits   |  |  |
| Related party * (Refer note 24)  | 20,090.41                                | 20,083.96                                |
| <b>Total current borrowings (B)</b>  | 20,090.41                                | 20,083.96                                |
| <b>Total borrowings (A + B)</b>  | 20,090.41                                | 20,083.96                                |
| * Inter corporate deposits are repayable on 1 April 2021 and carries 12.5% effective interest rate per annum.  |  |  |
| <b>13 Other financial liabilities</b>  |  |  |
| <b>Non-current</b>   |  |  |
| Security deposit   |  |  |
| - Related party (Refer note 24)  | -  | -  |
| - Others   | -  | -  |
| Financial liability on account of guarantee (Refer note 24)  | 314.40                                   | 805.24                                   |
| <b>Total non-current financial liabilities</b>   | 314.40                                   | 805.24                                   |
| <b>Current</b>   |  |  |
| Security deposit   | 650.00                                   | 650.00                                   |
| Financial liability on account of guarantee (Refer note 24)  | 4,969.62                                 | 4,969.65                                 |
| Current maturities of unsecured borrowings (Refer note 12)   | 31,743.61                                | 31,736.71                                |
| Interest payable on inter corporate deposits (Refer note 24)   |  |  |
| - Other related parties  | 175.42                                   | 175.42                                   |
| Payable to employees   | 4.38                                     | 4.38                                     |
| <b>Total current financial liabilities</b>   | 37,543.03                                | 37,536.16                                |
| <b>Total financial liabilities</b>   | 37,857.43                                | 38,341.40                                |





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 2021

|   | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|---|--|--|
| <b>14 Trade payables</b>  |  |  |
| 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 24)   | 34.39                                    | 34.35                                    |
| - Others  | 8.32                                     | 10.24                                    |
| <b>Total trade payables</b>   | <b>42.71</b>                             | <b>44.59</b>                             |
| Trade payables are non interest bearing and are normally settled as per the payment terms attached in the contract. |  |  |
| <b>15 Other liabilities</b>   |  |  |
| <b>Current</b>  |  |  |
| Statutory dues payable  | 19.88                                    | 20.10                                    |
| <b>Total other current liabilities</b>  | <b>19.88</b>                             | <b>20.10</b>                             |
| <b>Total other liabilities</b>  | <b>19.88</b>                             | <b>20.10</b>                             |

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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 2021

|  | Year ended<br>31 March 2021<br>(Rs. in lakhs) | Year ended<br>31 March 2020<br>(Rs. in lakhs) |
|--|---|---|
| <b>16 Other income</b>                                     |   |   |
| Interest income (Refer note 24)                            |   |   |
| - Inter corporate deposits                                 | -   | 461.97  |
| - Lease deposit given                                      | -   | 47.47   |
| Rental income  | -   | 118.53  |
| Other non-operating income                                 |   |   |
| - Dividend income  | 0.04  | 0.05  |
| - Financial guarantee income (Refer note 25)               | 490.84  | 495.33  |
| - Provision written back                                   | -   | 16.77   |
| <b>Total other income</b>                                  | <b>490.88</b>                                 | <b>1,140.12</b>                               |
| <b>17 Changes in inventory of project work-in-progress</b> |   |   |
| Balance of Project Work in Progress - Land                 | -   | 11,082.76                                     |
| Add: Expenditure during the year                           | -   | -   |
|  | -   | 11,082.76                                     |
| Less: Transferred to inventories (refer note 9)            | -   | (11,082.76)                                   |
| <b>Total changes in inventory</b>                          | <b>-</b>                                      | <b>-</b>                                      |
| <b>18 Employee benefits expenses</b>                       |   |   |
| Salaries, wages and bonus                                  | -   | 15.38   |
| Contribution to provident and other funds (Refer note 25)  | -   | 0.06  |
| Staff welfare expenses                                     | -   | 0.11  |
| <b>Total employee benefits expense</b>                     | <b>-</b>                                      | <b>15.55</b>                                  |
| <b>19 Finance costs</b>                                    |   |   |
| Interest expense on:                                       |   |   |
| - inter corporate deposits (Refer note 25)                 | -   | 3,269.67                                      |
| <b>Other borrowing costs</b>                               |   |   |
| - others   | -   | 20.07   |
| <b>Total finance costs</b>                                 | <b>-</b>                                      | <b>3,289.74</b>                               |
| <b>20 Other expenses</b>                                   |   |   |
| Rent (Refer notes 24 and 29)                               | -   | 68.24   |
| Rates and taxes  | 0.63  | 0.09  |
| Travel expenses  | 0.02  | 0.07  |
| Office maintenance   | -   | 5.37  |
| Repairs and maintenance                                    | -   | 0.51  |
| Printing and stationery                                    | -   | 0.33  |
| Communication  | -   | 0.09  |
| Legal and professional fees                                | 1.58  | 14.49   |
| Impairment loss provision                                  | 0.31  | 150.37  |
| Balances written off                                       | 0.62  | -   |
| Directors sitting fees                                     | -   | 0.36  |
| Payment to auditors (Refer note 20A)                       | 7.00  | 12.25   |
| Miscellaneous  | -   | 1.50  |
| <b>Total other expenses</b>                                | <b>10.16</b>                                  | <b>253.67</b>                                 |
| <b>20A Payment to statutory auditors</b>                   |   |   |
| Audit fees   | 3.00  | 3.00  |
| Other Fees   | 4.00  | 6.00  |
| Reimbursement of expenses                                  | -   | 0.25  |
|  | <b>7.00</b>                                   | <b>9.25</b>                                   |

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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 2021

| 21 Loss per share:  | 31 March 2021  | 31 March 2020 |
|---|----------------|---------------|
| Net loss as per the statement of profit and loss attributable to equity shareholders (Rs. in lakhs) | 480.54         | (2,419.05)    |
| Weighted average number of equity shares for earning per share computation                          | 6,61,93,185.00 | 6,61,93,185   |
| Loss per share - Basic and Diluted (in Rs.)   | 0.73           | (3.65)        |

22 Contingent liabilities and commitments

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| (i) Income tax assessments matters               | 4,459.56                                 | 5,239.65                                 |
| (ii) Corporate guarantees/ put options given for |  |  |
| Holding company                                  | 9,69,155.04                              | 10,29,894.00                             |
| Fellow subsidiaries [Also refer note (v) below]  | 6,145.84                                 | 6,145.84                                 |
| Others [Also refer note (iii) below]             | 5,76,470.00                              | 4,54,772.64                              |

(iii) The Company had provided corporate guarantees and put options aggregating Rs. 5,76,470 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 Professional's (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 Dasva 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 previous year, Company had 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 2021.

(v) 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.

23 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 of Rs 67,048.74 lakhs for its exposure in LCL during the financial year 2018-19.

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 of Rs 3,513.67 for its exposure in WAML during the year 2018-19.

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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 2021****24 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 (Thane) Real Estate Limited

Nashik Township Developers Limited

Powai Real Estate Developers Limited

HCC Realty Limited

Lavasa Corporation Limited ^^

incorporation

India

India

India

India

India

India

**C) Subsidiaries of Holding Company**

Panchkutti Developers Limited

HRL Township Developers Limited

Maan Township Developers Limited

Western Securities Limited

Highbar Technologies Limited

HCC Infrastructure Company Limited

Steiner India Limited

**D) Other related parties**

Hincon Finance Limited

Warasgaon Asset Maintenance Limited ^^

Dhule Palesner Operations and Maintenance Limited

HCC Power Limited

^^ 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. Avinash Harde (Upto 31 July 2019)

Ms. Sridevi Iyengar (from 31 August 2018)

Mr. Hamshie Rodrigues (from 31 July 2019)

Mr. Inderpal Singh Chilotre (Appointed July 27, 2020)

Chief Finance Officer

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

HRL (Thane) Real Estate Limited

| Year ended<br>31 March 2021<br>(Rs. in lakhs) | Year ended<br>31 March 2020<br>(Rs. in lakhs) |
|---|---|
|---|---|

461.97

-

461.97

Interest income on lease deposit

Hincon Finance Limited

47.47

-

47.47

Financial guarantee income

Hindustan Construction Company Limited

455.47

454.53

Dhule Palesner Operations and Maintenance Limited

23.25

14.08

HCC Power Limited

12.12

26.72

490.84

495.33

Interest expenses on inter corporate deposit

Hindustan Construction Company Limited

-

3,269.67

Rental charges

Hincon Finance Limited

-

68.24

-

68.24

Inter corporate deposit given during period

HRL Township Developers Limited

0.17

0.53

HRL (Thane) Real Estate Limited

0.18

1.34

Nashik Township Developers Limited

0.06

0.04

HCC Aviation Limited

0.07

-

Powai Real Estate Developers Limited

0.07

0.33

HCC Realty Limited

0.07

1.40

0.55

3.64





**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 2021**

|   | Year ended<br>31 March 2021<br>(Rs. in lakhs)     | Year ended<br>31 March 2020<br>(Rs. in lakhs)     |
|---|---|---|
| <b>Inter corporate deposit received back</b>  |   |   |
| HRL Township Developers Limited   | 0.53  | -   |
| Maan Township Developers Limited  | -   | -   |
|   | <b>0.53</b>                                       | <b>-</b>  |
| <b>Inter corporate deposit taken during period</b>  |   |   |
| Western Securities Limited  | 5.96  | -   |
| HRL Township Developers Limited   | 7.30  | -   |
| Maan Township Developers Limited  | 0.09  | -   |
| Panchkutir Developers Limited   | -   | 0.61  |
| Hindustan Construction Company Limited  | 0.17  | 235.96  |
|   | <b>13.52</b>                                      | <b>236.57</b>                                     |
| <b>Inter corporate deposit repaid</b>   |   |   |
| HCC Infrastructure Company Limited  | -   | 317.76  |
| Highbar Technologies Limited  | -   | 0.04  |
| Maan Township Developers Limited  | -   | 1.93  |
| Panchkutir Developers Limited   | 0.18  | -   |
|   | <b>0.18</b>                                       | <b>319.73</b>                                     |
| <b>Security deposit received back</b>   |   |   |
| Hincon Finance Limited  | -   | 286.22  |
|   | <b>-</b>  | <b>286.22</b>                                     |
|   |   |   |
|   | <b>As at<br/>31 March 2021<br/>(Rs. in lakhs)</b> | <b>As at<br/>31 March 2020<br/>(Rs. in lakhs)</b> |
| <b>Balances at the year end</b>   |   |   |
| <b>Loans receivable</b>   |   |   |
| HRL (Thane) Real Estate Limited **  | 4,170.16  | 4,169.99  |
| Nashik Township Developers Limited *  | 150.97  | 150.79  |
| Lavasa Corporation Limited *  | 7,551.33  | 7,551.33  |
| HCC Aviation Limited *  | 1,584.30  | 1,584.24  |
| Rhapsody Commercial Space Limited *   | 1,064.25  | 1,064.25  |
| HRL Township Developers Limited   | -   | 0.53  |
| Powai Real Estate Developers Limited *  | 1.53  | 1.46  |
| HCC Realty Limited  | 2.16  | 2.09  |
|   | <b>14,524.70</b>                                  | <b>14,524.68</b>                                  |
| * An impairment loss allowance for the amount has been recognised   |   |   |
| ** An impairment loss allowance has been recognised to the extent of Rs. NIL lakhs (31 March 2020: Rs. 1,409.42 lakhs). |   |   |
| <b>Capital Advances</b>   |   |   |
| Lavasa Corporations Limited *   | 500.00  | 500.00  |
| * An impairment loss allowance for the amount has been recognised during previous year                                  |   |   |
| <b>Loan payables</b>  |   |   |
| Hindustan Construction Company Limited  | 49,480.62   | 49,480.45   |
| Highbar Technologies Limited  | 626.26  | 626.26  |
| Panchkutir Developers Limited   | 118.73  | 118.91  |
| Western Securities Limited  | 5.96  | -   |
| HCC Infrastructure Company Limited  | 1,564.01  | 1,564.01  |
| Maan Township Developers Limited  | 31.13   | 31.04   |
| HRL Township Developers Limited   | 7.30  | -   |
|   | <b>51,834.01</b>                                  | <b>51,820.67</b>                                  |
| <b>Outstanding interest receivable</b>  |   |   |
| HRL (Thane) Real Estate Limited*  | 3.15  | 3.15  |
| Nashik Township Developers Limited *  | 1.85  | 1.85  |
| HCC Aviation Limited  | -   | -   |
| 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  |
|   | <b>6,658.32</b>                                   | <b>6,658.32</b>                                   |
| * An impairment loss allowance for the amount has been recognised during previous year                                  |   |   |
| <b>Outstanding interest payable</b>   |   |   |
| Panchkutir Developers Limited   | 21.22   | 21.22   |
| Highbar Technologies Limited  | 154.20  | 154.20  |
|   | <b>175.42</b>                                     | <b>175.42</b>                                     |



**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 2021

|  | As at<br>31 March 2021<br>(Rs. in lakhs) | As at<br>31 March 2020<br>(Rs. in lakhs) |
|--|--|--|
| <b>Balances at the year end</b>  |  |  |
| <b>Financial liability on account of guarantee</b>                         |  |  |
| Lavasa Corporation Limited   | 1,886.97                                 | 1,886.97                                 |
| Warasgaon Asset Maintenance Limited  | 3,082.65                                 | 3,082.65                                 |
| Hindustan Construction Company Limited                                     | 252.01                                   | 707.48                                   |
| Dhule Palesner Operations and Maintenance Limited                          | 32.62                                    | 55.88                                    |
| HCC Power Limited  | 29.79                                    | 41.91                                    |
|  | <b>5,284.05</b>                          | <b>5,774.89</b>                          |
| <b>Deemed equity investment by holding company</b>                         |  |  |
| Hindustan Construction Company Limited                                     | 13,803.92                                | 13,803.92                                |
| <b>Contingent liability on account of corporate guarantees/ put option</b> |  |  |
| Lavasa Corporation Limited   | 3,22,094.00                              | 2,74,343.35                              |
| Warasgaon Asset Maintenance Limited  | 2,54,376.00                              | 1,80,429.29                              |
| Hindustan Construction Company Limited                                     | 9,69,155.04                              | 10,29,894.00                             |
| Dhule Palesner Operations and Maintenance Limited                          | 4,145.84                                 | 4,145.84                                 |
| HCC Power Limited  | 2,000.00                                 | 2,000.00                                 |
|  | <b>15,51,770.88</b>                      | <b>14,90,812.48</b>                      |

**Other outstanding arrangements**

- |  | Number of<br>shares | Number of<br>shares |
|--|---------------------|---------------------|
| 1) <b>Investments in shares of companies pledged in favor of lenders</b>   |                     |                     |
| Lavasa Corporation Limited   | 54,68,42,513        | 54,68,42,513        |
| 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 deposits availed from HCC Infrastructure Limited.  |                     |                     |

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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

25 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<br>31st March 2021**<br>(Rs. in lakhs) | Year ended<br>31 March 2020 **<br>(Rs. in lakhs) |
|---|---|--|
| a) Changes in defined benefit obligations                   |   |  |
| Present value of obligation as at the beginning of the year | -   | 14.06  |
| Benefits paid   | -   | (4.86)   |
| Add: Provision for separated employees                      | -   | 9.20   |
| Less: Excess transferred to Statement of Profit and Loss    | -   | 9.20   |
| Present value of obligation as at the end of the year       | -   | (9.20)   |
| b) Expenses recognized in the Statement of Profit and Loss  |   |  |
| Current service cost  | -   | -  |
| Total   | -   | -  |

\*\* As at 31 March 2021, there are no employees in the Company. Hence the Company has not recognized any cost towards gratuity liability for year 2020-21. There is no employee cost during current year.

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 |
|  | 0.06 |

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 2021 (31 March 2020: NIL).

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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

26 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 2021

| (Rs. in lakhs)              |   |   |   |                      |                  |
|-----------------------------|---|---|---|----------------------|------------------|
| 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 | Total carrying value | Total fair value |
| <b>Assets</b>               |   |   |   |                      |                  |
| Investments                 | 1,951.33  | 0.48  | -   | 1,951.81             | 1,951.81         |
| Loans                       | 14,524.05   | -   | -   | 14,524.05            | 14,524.05        |
| Cash and cash equivalents   | 0.44  | -   | -   | 0.44                 | 0.44             |
| <b>Liabilities</b>          |   |   |   |                      |                  |
| Borrowings                  | 51,834.01   | -   | -   | 51,834.01            | 51,834.01        |
| Other financial liabilities | 6,113.82  | -   | -   | 6,113.82             | 6,113.82         |
| Trade payables              | 42.71   | -   | -   | 42.71                | 42.71            |

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

| (Rs. in lakhs)              |   |   |   |                      |                  |
|-----------------------------|---|---|---|----------------------|------------------|
| 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 | Total carrying value | Total fair value |
| <b>Assets</b>               |   |   |   |                      |                  |
| 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             |
| <b>Liabilities</b>          |   |   |   |                      |                  |
| 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            |

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:

| (Rs. in lakhs) |               |         |         |               |         |         |
|----------------|---------------|---------|---------|---------------|---------|---------|
| Particulars    | 31 March 2021 |         |         | 31 March 2020 |         |         |
|                | Level 1       | Level 2 | Level 3 | Level 1       | Level 2 | Level 3 |
| <b>Assets</b>  |               |         |         |               |         |         |
| Investments    | 0.48          | -       | -       | 0.44          | -       | -       |

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## 27 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 2021<br>Rs. in lakhs | 31 March 2020<br>Rs. in lakhs |
|--|-------------------------------|-------------------------------|
| Increase in basis points               | 50 basis points               | 50 basis points               |
| Effect on loss before tax, increase by | -                             | 112.30                        |
| Decrease in basis points               | 50 basis points               | 50 basis points               |
| Effect on loss before tax, decrease by | -                             | 112.30                        |

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 2021<br>(Rs. in lakhs) | 31 March 2020<br>(Rs. in lakhs) |
|---|---------------------------------|---------------------------------|
| Investments                                       | 1,951.33                        | 1,951.77                        |
| Cash and cash equivalents and other bank balances | 0.44                            | 0.43                            |
| Other financial assets                            | -                               | -                               |
| Loans   | 2,762.90                        | 2,763.84                        |
| <b>Total</b>                                      | <b>4,714.66</b>                 | <b>4,716.03</b>                 |

### (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 2021 :

| Particulars                               | On demand | Contractual Cash flow |               |                   | Total            |
|---|-----------|-----------------------|---------------|-------------------|------------------|
|   |           | 0-12 Months           | 1 - 5 years   | More than 5 years |                  |
| Borrowings (including current maturities) | -         | 51,834.01             | -             | -                 | 51,834.01        |
| Other financial liabilities               | -         | 5,799.42              | 314.40        | -                 | 6,113.82         |
| Trade and other payables                  | -         | 42.71                 | -             | -                 | 42.71            |
| <b>Total</b>                              | -         | <b>57,676.15</b>      | <b>314.40</b> | -                 | <b>57,990.55</b> |

#### 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            |
| <b>Total</b>                              | -         | <b>57,664.70</b>      | <b>805.24</b> | -                 | <b>58,469.93</b> |

## 28 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<br>31 March 2021<br>Rs. in lakhs | As at<br>31 March 2020<br>Rs. in lakhs |
|---------------------------------------|--|--|
| Total debts (non current and current) | (a) 52,009.44                          | 51,996.08                              |
| Total equity                          | (b) (51,130.12)                        | (51,610.66)                            |
| <b>Gearing ratio (in times) (a/b)</b> | <b>(1.02)</b>                          | <b>(1.01)</b>                          |



Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

29 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 2021<br>Rs. in lakhs | 31 March 2020<br>Rs. in lakhs |
|---|-------------------------------|-------------------------------|
| <b>A. Future lease rental payments</b>              |                               |                               |
| - Not later than one year                           | -                             | -                             |
| - Later than one year and not later than five years | -                             | -                             |
| - Later than five years                             | -                             | -                             |
| <b>B. Lease expense recognised during the year</b>  | -                             | 68.24                         |

30 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 2020:

| Particulars                                       | 31 March 2021    | 31 March 2020    |
|---|------------------|------------------|
| Cash and cash equivalents                         | (0.44)           | (0.43)           |
| Current borrowings (including current maturities) | 51,834.01        | 51,820.67        |
| Interest payable on borrowings                    | 175.42           | 175.42           |
| <b>Net Debt</b>                                   | <b>52,009.00</b> | <b>51,995.66</b> |

Year ended 31 March 2021

| Particulars                         | Other Assets              |                    | Liabilities from Financing Activities |                    | Total            |
|-------------------------------------|---------------------------|--------------------|---------------------------------------|--------------------|------------------|
|                                     | Cash and cash equivalents | Liquid Investments | Non-Current Borrowings                | Current Borrowings |                  |
| Net Debt as at 31 March 2020        | (0.43)                    | -                  | -                                     | 51,996.09          | 51,995.66        |
| Cash Flows                          | (0.01)                    | -                  | -                                     | 13.39              | 13.38            |
| Interest Expense                    | -                         | -                  | -                                     | -                  | -                |
| Interest paid                       | -                         | -                  | -                                     | -                  | -                |
| <b>Net Debt as at 31 March 2021</b> | <b>(0.44)</b>             | <b>-</b>           | <b>-</b>                              | <b>52,009.48</b>   | <b>52,009.04</b> |

Year ended 31 March 2020

| Particulars                         | Other Assets              |                    | Liabilities from Financing Activities |                    | Total            |
|-------------------------------------|---------------------------|--------------------|---------------------------------------|--------------------|------------------|
|                                     | Cash and cash equivalents | Liquid Investments | Non-Current Borrowings                | Current Borrowings |                  |
| 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)           |
| <b>Net Debt as at 31 March 2020</b> | <b>(0.43)</b>             | <b>-</b>           | <b>-</b>                              | <b>51,996.09</b>   | <b>51,995.67</b> |

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

32 The Company has accumulated losses of Rs.1,12,370.35 lakhs (Previous Year : Rs 1,12,850.89 lakhs) , resulting in negative net worth of Rs. 51,130.20 lakhs ( Previous Year: Rs 51,610.66) as at 31 March 2021. The Company's current liabilities exceeds its current assets by Rs 57,577.20 lakhs (Previous Year:Rs. 57,566.90 lakhs) as at that date . 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.

33 In view of company's poor financial position, in spite of its best effort to get vacancies of KMPs filled during the year under review, the company didn't get suitable candidates, therefore the positions remained vacant.

34 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 outbreak has been declared global pandemic by the World Health Organisation (WHO). Government declared lockdown till 31st May 2020 followed by the restrictions impacting economic activities of the business. At this stage, based on the assessment carried out by the management, the impact of COVID-19 on business and financial activities is limited. However, the impact assessment of COVID-19 is continuing process given the uncertainties with its nature and duration.

35 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 2021.

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

For UBG & CO  
Chartered Accountants  
Firm's Registration No: 141076W

Partner  
Membership No.: 140694

Place: Mumbai  
Date: 24 May 2021

For and on behalf of Board of Directors

Sridevi Iyengar  
Director  
DIN No:- 06981630

Inderpal Singh  
Director  
DIN No:- 08808066

Place: Mumbai  
Date: 24 May 2021

Place: Mumbai  
Date: 24 May 2021

