Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of HCC Real Estate Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of HCC Real Estate Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors/management of the companies included in the Group and its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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Auditor's Responsibility

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

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

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

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

7. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

Basis for Qualified Opinion

8. As stated in Note 47 to the consolidated financial statements, relating to the Group's carrying value of net assets (capital employed) aggregating Rs. 8,525.88 lakhs as at 31 March 2018 in Charosa Wineries Limited (CWL) being considered good and recoverable by the management. However, this subsidiary have accumulated losses and its net worth has fully eroded as at 31 March 2018 and its borrowings payable to bank and other payables exceeds the market value of its assets as on that date. Management has assessed that no adjustments are required to the carrying value of the above net assets, which is not in accordance with the requirements of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustments, if any, that are required to the carrying value of these net assets and the consequential impact on the accompanying consolidated financial statements.

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9. We draw attention to the following qualifications to the audit opinion on the consolidated financial statements of Lavasa Corporation Limited (LCL), a subsidiary of the Holding Company, issued by us vide our audit report dated 2 May 2018 on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

(i) Note 15.1(b) to the consolidated financial statements, regarding LCL's 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to Rs. 53,716.20 lakhs and Rs. 253,041.08 lakhs, respectively as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

(ii) Note 40 to the consolidated financial statements, LCL's 'capital work-in-progress' (CWIP) as at 31 March 2018 includes amounts aggregating Rs. 119,680.12 lakhs, which is being carry forward from earlier years in respect of roads, electrical distribution, dams etc. Management has assessed that no adjustments are required to be made to the carrying value of such CWIP owing to the reasons mentioned in the aforesaid note. However, in the absence of sufficient appropriate evidence to support management's contention, we are unable to comment on adjustments, if any, that are required to the carrying value of CWIP and the consequential impact on the accompanying consolidated financial statements.

(iii) Note 15.1(d) to the consolidated financial statements, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to Rs. 103,034.16 lakhs as at 31 March 2018 pertaining to borrowings from the lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

(iv) Note 15.1(e) to the consolidated financial statements, regarding a subsidiary company, Dasve Retail Limited (DRL)'s 'other current financial liabilities', which include balances amounting to Rs. 1,982.51 lakhs as at 31 March 2018 pertaining to a borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

Qualified Opinion

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

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Material Uncertainty Related to Going Concern

11. Note 42 to the accompanying consolidated financial statements, which indicates that the Group has incurred net loss of Rs. 96,313.33 lakhs during the year ended 31 March 2018 and as of that date has accumulated losses amounting to Rs. 219,859.91 lakhs and which has resulted in complete erosion of its net-worth and its current liabilities exceeded its current assets by Rs. 388,898.27 lakhs. The operations of the Group are dependent on the effectiveness of the project undertaken by LCL and its components. The holding company and its four subsidiaries have defaulted in repayment of borrowings from the lenders and is in the process of submitting a resolution plan to the consortium of lenders for revival of its business and restructuring the repayment of borrowings. LCL has also defaulted in repayment of dues to non-convertible debentures and is in the process of restructuring the terms of repayment with them. The above factors indicate a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. Basis the factors mentioned in the aforesaid note, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

Emphasis of Matters

12. We draw attention to Note 48 to the consolidated financial statements, relating to the Group's carrying value of net assets (capital employed) aggregating Rs. 324,417.56 lakhs, goodwill on consolidation amounting to Rs. 13,102.70 lakhs and non-controlling interest amounting to Rs. 51,039.07 lakhs as at 31 March 2018 in LCL, being considered good and recoverable by the management. The aforesaid subsidiary have accumulated operational losses and the net worth has fully eroded as at 31 March 2018. Based on the fact that the market value of immovable properties in LCL at its consolidated level is sufficient to meet its external liabilities, and other factors stated in aforementioned note, management has considered these balances as fully recoverable. However, there is material uncertainties relating to the assumptions used in making the estimates of future projections of business and land value. Our opinion is not modified in respect of this matter.

13. We draw attention to the following emphasis of matters included in the audit report issued by us, vide our report dated 2 May 2018, on the consolidated financial statements of Lavasa Corporation Limited (LCL), a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

a) Note 43 to the consolidated financial statements, which describes the uncertainty related to the outcome of appeal filed by LCL with National Green Tribunal against the Order of the Ministry of Environment and Forests dated 9 November 2011 according environment clearances which are subject to compliance of certain terms and conditions by LCL. Pending the final outcome, which is presently unascertainable, no adjustments have been made in the consolidated financial statements as the management is of the view that they have sufficient grounds to believe that no additional costs will be incurred to comply with the conditions imposed. Our opinion is not modified in respect of this matter.

b) Note 15.1(c) to the consolidated financial statements, which describe that interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. The management of LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management of LCL believes that such overdue will not have any implications on the consolidated financial statements. Our opinion is not modified in respect of this matter.

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c) Note 19.1 to the consolidated financial statements, which describes the restatement of the comparative financial statements of LCL for the year ended 31 March 2017, to correct an error in the deferred tax liabilities recorded as at 31 March 2017 in accordance with the requirements of Ind AS 8 - Accounting policies, changes in accounting estimates and errors. Further, as described in the said note this restatement does not have an impact on the opening balance sheet of the preceding period. Our opinion is not modified in respect of this matter.

d) Note 41 to the consolidated financial statements, LCL's 'non-current investments' in its joint ventures and associates, and non-current loans and current trade receivables include dues from such joint ventures and associates aggregating Rs. 5,166.00 lakhs, Rs. 5,634.55 lakhs and Rs. 1,948.00 lakhs, respectively. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. Based on this and other factors stated in aforementioned note, management of LCL has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.

Other Matters

14.a) We did not audit the financial information of a subsidiary, whose financial information reflect total assets of Rs. 4,752.41 lakhs and net liabilities of Rs. 4,353.83 lakhs as at 31 March 2018, total revenues of Rs. 55.86 lakhs and net cash inflows amounting to Rs. 2.37 lakhs for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of Rs. 79.64 lakhs for the year ended 31 March 2018, as considered in these consolidated financial statements, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, associates and joint ventures, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the financial information certified by the management.

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

Report on Other Legal and Regulatory Requirements

15. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, we report, to the extent applicable, that:

a) We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, obtained all the information and explanations which to the best

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b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for the possible effects of the matters described in paragraph 8 and paragraph 9 of the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company, CWL and LCL, subsidiaries of the Holding Company;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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

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

f) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies, associate companies and joint venture companies covered under the Act and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, its associate companies and joint venture companies covered under the Act, is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraphs 8 and 9 under the Basis for Qualified Opinion paragraph with respect to the Holding Company, CWL and LCL, subsidiaries of the Holding Company;

h) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and also based on the consideration of the other financial information of the subsidiaries, associates and joint ventures:

   (i) except for the possible effects of the matters described in paragraphs 8 and 9 of the Basis for Qualified Opinion paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures, as detailed in Notes 15.1 (b), (c), (d), (e), 30 (iii), (iv), (v), (vii), (ix), (x) and (xi) (e), 40, 41, 42, 43, 47 and 48 to the consolidated financial statements;

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(ii) except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in Note 17.1 to the consolidated financial statements;

(iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act during the year ended 31 March 2018;

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

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

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

Place: Mumbai
Date: 2 May 2018

Annexure to the Independent Auditor's Report of even date to the members of HCC Real Estate Limited, on the consolidated financial statements for the year ended 31 March 2018

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of the HCC Real Estate Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its thirty eight subsidiary companies, its two associate companies and seven joint venture companies, which are companies incorporated under the Act, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its thirty eight subsidiary companies, its two associate companies and seven joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid.

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<u>Annexure A (Contd)</u>

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified opinion

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

   The Holding Company's internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of its subsidiary's net assets (capital employed), were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets consequently, could also impact the loss (financial performance including other comprehensive income) after tax.

   We draw attention to the following material weakness included in the report on IFCoFR issued by us dated 2 May 2018 on consolidated financial statements of Lavasa Corporation Limited (LCL), a subsidiary company of the Holding Company, and reproduced by us as under:

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

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

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Annexure A (Contd)

Qualified Opinion

10. In our opinion, except for the possible effects of the material weaknesses described above in the Basis for Qualified Opinion paragraph, the Holding Company, its thirty eight subsidiary companies, its two associate companies and its seven joint venture companies, which are companies covered under the Act, have, in all material respects, adequate IFCoFR and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group, its associate and joint venture companies, which are companies covered under the Act, as at and for the year ended 31 March 2018, and the material weaknesses have affected our opinion on the consolidated financial statements of the Group and its associate companies and joint venture companies, which are companies covered under the Act and we have issued a qualified opinion on the consolidated financial statements.

Other Matters

12. We did not audit the IFCoFR in so far as it relates to a subsidiary company, covered under the Act, whose financial statements/ financial information reflect total assets of Rs. 4,752.41 lakhs and net liabilities of Rs. 4,353.83 lakhs as at 31 March 2018, total revenues of Rs. 55.86 lakhs and net cash inflows amounting to Rs. 2.37 lakhs for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of Rs. 79.64 lakhs for the year ended 31 March 2018, in respect of two associate companies and three joint venture companies, which are the companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to a subsidiary company, two associate companies and three joint venture companies are unaudited and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its thirty eight subsidiary companies, its two associate companies and seven joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to a subsidiary company, two associate companies and three joint venture companies is based solely on representation provided by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group.

Our opinion is not modified in respect of the above matter with respect to our reliance on the representations provided by the management.

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

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

Place: Mumbai
Date: 2 May 2018

HCC Real Estate Limited

Consolidated Balance Sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	89,404.04	90,014.60
Biological assets	3 (b)	148.83	161.40
Capital work-in- progress		155,354.40	170,323.64
Goodwill	4	13,102.70	13,102.70
Intangible assets	4	39.06	51.35
Financial assets			
Investments	5	8,125.90	9,520.06
Loans	6	9,318.70	3,882.38
Other financial assets	7	910.34	1,011.71
Income tax assets (net)	8	3,541.93	3,117.30
Other non-current assets	9	1,310.45	1,452.16
Total non-current assets		281,256.35	292,637.30
Current assets			
Inventories	10	189,914.02	190,543.79
Financial assets			
Investments	5	3.28	99.15
Trade receivables	11	1,341.29	13,440.06
Cash and cash equivalents	12	263.49	708.05
Loans	6	56.12	5,659.21
Other financial assets	7	2,661.48	2,052.12
Other current assets	9	19,354.02	21,357.68
Total current assets		213,593.70	233,860.04
Assets classified as held for sale	13	-	200.18
TOTAL ASSETS		494,850.05	526,697.52
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	6,619.32	6,619.32
Other equity		(161,227.33)	(97,720.38)
Equity attributable to owners of the parent		(154,608.01)	(91,101.06)
Non-controlling interests		(51,039.07)	(20,737.13)
Total Equity		(205,647.08)	(111,838.19)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	95,561.87	311,490.99
Other financial liabilities	16	2,272.62	2,758.23
Provisions	17	165.13	109.53
Other non-current liabilities	18	5.54	11.69
Deferred tax liabilities (net)	19	-	7,133.87
Total non-current liabilities		98,005.16	321,504.31
Current liabilities			
Financial liabilities			
Borrowings	20	35,550.26	13,823.32
Trade payables	21	21,549.97	28,680.83
Other financial liabilities	16	521,059.51	241,850.42
Provisions	17	3,566.38	4,122.82
Other current liabilities	18	20,765.85	28,554.02
Total current liabilities		602,491.97	317,031.41
TOTAL EQUITY AND LIABILITIES		494,850.05	526,697.52

The accompanying notes form an integral part of the consolidated financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
Director
DIN : 0698 1622

Shripad Gaitonde
Director
DIN : 0698 1627

Surendra Agarwal
Chief Financial Officer

Devendra Manchekar
Chief Executive Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC REAL ESTATE LTD.

HCC Real Estate Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Note No.	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
Revenue			
Revenue from operations	22	6,896.46	10,315.41
Other income	23	8,424.23	3,590.05
Total revenue		15,320.69	13,905.46
Expenses			
Cost of material consumed	24	69.70	129.41
Construction expenses	25	2,279.87	5,242.18
Changes in inventories of finished goods and work-in-progress	26	623.54	(2,529.11)
Employee benefit expenses	27	2,011.08	2,157.04
Finance cost	28	86,020.05	77,625.28
Depreciation and amortisation expenses	4.2	6,360.58	6,659.33
Other expenses	29	4,356.97	10,846.60
Total expenses		101,721.80	100,130.73
Loss before exceptional items and tax		(86,401.11)	(86,225.27)
Exceptional items		(16,750.79)	-
Loss before share of (profit)/loss of associates, joint ventures and tax		(103,151.90)	(86,225.27)
Share of loss of associates and joint ventures		(295.30)	(284.33)
Loss before tax		(103,447.20)	(86,509.60)
Tax expense/ (credit)			
-Current income tax		-	-
-Deferred income tax (net of MAT provision)		(7,133.87)	(10,655.11)
Loss for the year (A)		(96,313.33)	(75,854.49)
Other comprehensive income/(loss) (OCI)			
(a) Items not to be reclassified subsequently to profit or loss			
- Remeasurement gains / (losses) on defined benefit plans		(1.00)	9.53
- Equity instruments through other comprehensive Income		0.60	(4.87)
(b) Items to be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax (B)		(0.40)	4.66
Total comprehensive loss for the year, net of tax (A+B)		(96,313.73)	(75,849.83)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(66,011.79)	(53,391.83)
Non controlling interest		(30,301.94)	(22,458.00)
Earnings per equity share of nominal value of Rs.10 each			
Basic and diluted (in Rs.)	33	(99.73)	(80.67)

The accompanying notes form an integral part of the consolidated financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
Director
DIN : 0698 1622

Shripad Gaitonde
Director
DIN : 0698 1627

Surendra Agarwal
Chief Financial Officer

Devendra Manchekar
Chief Executor Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC REAL ESTATE LTD.

HCC Real Estate Limited
Consolidated Cash Flow Statement for the year ended 31 March 2018

Particulars	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(103,447.20)	(86,509.60)
Adjustment for:		
Depreciation expense	6,344.92	6,624.91
Amortisation expense	15.66	34.42
Impairment loss on financial and non financial assets	13,704.32	253.28
Gain on sale of property, plant and equipment	(119.12)	(120.55)
Finance costs	86,007.10	70,613.07
Interest income	(2,226.79)	(241.18)
Dividend income	(2.13)	(112.50)
Rental Income	(270.04)	(145.47)
Excess provision no longer required written back	(109.86)	(12.26)
Foreign exchange loss (net)	4.24	2.85
Operating profit/ (loss) before working capital changes	**(98.90)**	**(9,613.03)**
Adjustments for changes in working capital:		
(Increase) / decrease in inventories	3,590.72	(2,909.66)
(Increase) / decrease in trade receivables	11,710.63	(8,841.69)
(Increase) / decrease in other financial assets	(1,341.27)	221.09
(Increase) / decrease in other assets	1,792.16	(376.75)
Increase / (decrease) in trade payables	(7,135.11)	(5,573.20)
Increase / (decrease) in other financial liabilities	(265.98)	93,788.27
Increase / (decrease) in other current liabilities	(7,794.32)	12,804.30
Increase / (decrease) in provisions	(391.38)	(231.41)
Cash generated from/ (used in) operations	**66.55**	**79,267.92**
Direct taxes (paid)/ refund	(424.63)	(226.79)
Net cash generated from/ (used in) operating activities	**(358.08)**	**79,041.13**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including addition to capital work in progress	(5,861.51)	(3,460.70)
Proceeds from sale of property, plant and equipment	187.71	215.59
Purchase of intangible assets	(3.38)	(13.19)
Decrease/ (increase) in investments	3,311.51	1,554.91
Decrease/ (increase) in loans	166.77	4,395.39
Rental income	270.04	145.47
Interest received	3,060.07	241.18
Dividend received	2.13	112.50
Net cash generated from/ (used in) investing activities	**1,133.34**	**3,191.15**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Refund of share application money	-	(1.00)
Interest paid	(19,543.29)	(70,613.07)
Proceeds from/ (repayments of) borrowings (net)	18,323.47	(11,936.24)
Net cash generated from/ (used in) financing activites	**(1,219.82)**	**(82,550.31)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(444.56)	(318.03)
Cash and cash equivalents at the beginning of the year	708.05	1,026.08
Cash and cash equivalents at the end of the year (Refer note 12)	**263.49**	**708.05**

Note :
The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows". Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable the users of financial statements to evaluate the changes in liabilities arising from financing activities, including both the changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of amendment did not have any material impact on the financial statements.

The accompanying notes form an integral part of the consolidated financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
Director
DIN : 0698 1622

Shripad Gaitonde
Director
DIN : 0698 1627

Surendra Agarwal
Chief Financial Officer

Devendra Manchekar
Chief Executor Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

A) Equity share capital

Particulars	Number of Shares	Rs. lakhs
Equity shares of Rs.10 each issued, subscribed and paid up		
As at 1 April 2016	66,193,185	6,619.32
Issue of equity shares	-	-
As at 31 March 2017	66,193,185	6,619.32
Issue of equity shares	-	-
As at 31 March 2018	66,193,185	6,619.32

B) Other Equity

(Rs. in lakhs)

Particulars	Share application money pending allotment	Deemed equity investment by holding company	Reserve and surplus					Other comprehensive income (OCI)	Total equity attributable to equity holders	Non controlling interest
			Capital reserve on consolidation	Debenture redemption reserve	Capital redemption reserve	Securities premium reserve	Retained earnings			
As at 1 April 2016	1.00	15,744.58	3.16	3,046.42	3,006.83	36,102.61	(112,889.17)	41.36	(54,943.21)	1,722.81
Impact of acquisition/disposal of partial interest in subsidiary	-	-	-	-	-	-	(13.64)	-	(13.64)	(1.94)
Addition / (deletion) during the year	(1.00)	-	-	-	-	-	-	-	(1.00)	-
Profit / (Loss) for the year	-	-	-	-	-	-	(53,396.49)	4.66	(53,391.83)	(22,458.00)
As at 31 March 2017	-	15,744.58	3.16	3,046.42	3,006.83	36,102.61	(166,299.30)	46.02	(108,349.68)	(20,737.13)
Deferred tax adjustment (Refer note 9.1)	-	-	-	-	-	-	10,629.30	-	10,629.30	-
Restated balance as at 31 March 2017	-	15,744.58	3.16	3,046.42	3,006.83	36,102.61	(155,670.00)	46.02	(97,720.38)	(20,737.13)
Impact of acquisition/ disposal of interest in subsidiary	-	-	-	-	-	-	773.49	-	773.49	-
Addition / (deletion) (Refer note vii below)	-	683.37	-	-	-	-	1,047.99	-	1,731.36	-
Profit / (Loss) for the year	-	-	-	-	-	-	(66,011.39)	(0.40)	(66,011.79)	(30,301.94)
As at 31 March 2018	-	16,427.95	3.16	3,046.42	3,006.83	36,102.61	(219,859.91)	45.63	(161,227.33)	(51,039.07)

Nature and purpose of reserves

i. Deemed equity investment by holding company

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

ii. Capital reserve on consolidation

Capital reserve created on consolidation of subsidiaries in the year in which investments are made in the subsidiaries.

iii. Debenture redemption reserve

Debenture redemption reserve is created out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Companies Act, 2013.

iv. Capital redemption reserve

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

v. Securities premium

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

vi. Net gain/(loss) on fair value of defined benefit plans - OCI

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

vi. Addition of Rs.1,047.99 lakhs is towards net impact of reversal of provision made and additional provision for imapirment of investment. Refere note 5.

The accompanying notes form an integral part of the consolidated financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
Director
DIN : 0698 1622

Shripad Gaitonde
Director
DIN : 0698 1627

Surendra Agarwal
Chief Financial Officer

Devendra Manchekar
Chief Executor Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC REAL ESTATE LTD.

Note 1 Corporate Information

HCC Real-Estate Lmited ("the Company" or "Parent" or "HREL") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Hincon House, LBS Marg, Vikhroli (West) , Mumbai-400 083, India.

The finanicial statements comprises the financial statements of the companiy and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and Joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, infrastructure and urban development and management. The consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2018 were authorised for issue in accordance with resolution of the Board of Directors on 2 May 2018.

Note 2 Significant accounting policies

i Basis of preparation

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

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

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

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

In case of certain companies of the Group, operating cycle for the business activities, based on the nature of products and time between the acquisition of assets for processing and their realization in cash or cash equivalents have been ascertained as twelve months for the purpose of current / non-current classification of assets and liabilities.

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

ii Principles of Consolidation

The financial statements have been prepared on the following basis:

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.The acquisition method of accounting is used to account for business combination by the Group.The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, Contingent liability, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit and Loss, consolidated statement of changes in equity and balance sheet, respectively.

b) Associates

Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

c) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

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

Joint ventures
Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income ("OCI"). Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses is an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

The carrying amount of the equity accounted investments are tested for impairment.

e) Change in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests or reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit and loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are reclassified to profit or loss as if the Group had directly disposed of the related assets and liabilities.
If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

f) The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's separate financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies, wherever necessary and practicable.

g) Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

iii 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.

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Estimates and assumptions

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

Contract estimates

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

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 Group 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.

Use of estimates and judgments

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities. The preparation of the Group's consolidated financial statements requires management to make Judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Joint Control assessment:

Though the Group's investments in certain entities exceed 50% of the total share capital, these entities have been classified as Joint Ventures. The Company assessed whether or not the Group has control over these entities based on whether the Group has practical ability to direct the relevant activities unilaterally. In these cases, based on specific shareholders agreement, it has been concluded that the Group does not have practical ability to direct the relevant activities unilaterally but has such ability along with the other shareholders. The details in respect of these entities are as under:

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

Sr. No.	Name of the Company	% of Share holding as at 31 March 2018	% of Share holding as at 31 March 2017
1	Spotless Laundry Services Limited	76.02%	76.02%
2	Whistling Thrust Facilities Limited	51.00%	51.00%

iv Property, plant and equipment

Property, Plant and Equipment including Biological assets 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

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

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

On transition to Ind AS, the Group 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.

v Intangible assets

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

Costs relating to trademark and design have been treated as intangible assets which also comprise license fees, other implementation costs for software and application software acquired for in-house use.

In respect of intangible assets being computer software relating to Geographical Information System and Enterprise Resource System is amortized over the estimated useful life of ten years under straight line method on pro-rata basis.

In respect of trademark and design costs are amortized equally over a period of ten years.

vi Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of an investment property is recognised in the Statement of Profit and Loss.

Investment property are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years which is determined based on the technical evaluation performed by the management's expert.

On transition to Ind AS, the Group has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2015 of its investment properties and used that carrying value as the deemed cost of the investment properties on the date of transition i.e. 1 April 2015.

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vii Depreciation/ Amortisation

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

The estimated useful lives are as below:
Building and sheds: 10-60 years
Plant and equipment : 10-20 years
Computers : 3-6 years
Office equipment : 5-20 years
Furniture and fixtures : 15 years
Vehicles : 20 years
Biological Assets : 20 years

Leashold land is amortised over the period of lease on pro-rata basis.

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

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

viii Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognitions of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition, the intangible assets is measured at cost, less any accumulated amortisations and accumulated impairment losses.

ix 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

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 Group 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 measured at fair value

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

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

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

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

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

Impairment of financial assets

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

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Group 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 Group 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group 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 Group 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.

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Financial Liabilities

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.

Subsequent Measurement

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

Financial liabilities at FVPL

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

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

Financial Liabilities at amortised cost

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

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

Where the terms of a financial liability is re-negotiated and the Group 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.

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x 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. Group's provident fund contribution, in respect of certain employees of the Company and its Indian subsidiaries is made to a government administered fund, and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further obligations beyond the monthly contributions.

b) Defined Benefit Plan

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

c) Leave Entitlement and Compensated Absences

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

d) Short-term Benefits

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

xi Inventories

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

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

b) The stock of raw material stores, food and beverages, groceries and provisions, winery products, other guest amenities, information technology material, finished products including traded goods and semi finished goods are stated at lower of cost or net realizable value. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

xii Segmental Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment are allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments are disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment and all other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

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xiii Borrowing Costs

Borrowing costs consist of interest and other costs that the Group 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.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted unless that period is a necessary part of the process for the construction of the asset.

xiv Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a) Initial Recognition

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

b) Conversion

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

c) Treatment of exchange difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss. On transition to Ind AS, the Group has opted to continue with the accounting for exchange differences arising on long-term foreign currency
monetary items, outstanding as on the transition date, as per previous GAAP. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised over the remaining life of the concerned monetary item.

d) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing rate at the date of the balance sheet
2. income, expenses and cash flow items are translated at average exchange rates for the respective periods; and
3. all resulting exchange differences are recognised in OCI.

When a subsidiary is disposed off, in full, the relevant amount is transferred to the Statement of Profit and Loss. However, when change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.
On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other financial instrument designated as hedges of such investment, are recognised in OCI. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

xv Revenue Recognition

a) Sale of Land, Constructed units and FSI

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

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b) Accounting of construction contracts

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

Revenue is recognised as follows:

In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.

In case of Lump sum contracts, revenue is recognised on the completion of milestones as specified In the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or In arbitration.

c) Project management consultancy fees

Revenue from Project Management Consultancy Fees is recognized on accrual basis, as per the terms of the agreements with the customer.

d) Revenue from sale of services (Room rent and allied services)

Sales comprise of revenue from room rent and allied services relating to hotel operation and other services. Revenue is recognized upon rendering of services.

e) Sale of goods

The Group recognises revenue when significant risks and rewards are transferred which ordinarily coincides with dispatch of products to customers. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Sales are recorded net of sales tax/value added tax, discounts and returns.

f) Revenue from rent

Rent is recognized on time proportionate basis.

g) Revenue from Tuition/Training fees

Income from tuition/training activities and other services is recognized over the course period.

h) Dividend Income

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

i) Finance and other Income

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

j) Other miscellaneous incomes

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

xvi 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.

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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.

xvii 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.

xviii Impairment of Non-Financial Assets

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

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and

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

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

"Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss."

xix Trade receivables

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

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CHARTERED ACCOUNTANTS

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xx Trade payables

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

xxi Earnings Per Share

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

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

xxii Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group 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 Group A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are not recognized and are disclosed where an inflow of economic benefits is probable.

xxiii Investment

Investments are classified as long term and current investments. Long term investments are shown at cost or written down value (in case of diminution which is other than temporary diminution) and current investments are shown at cost or fair value whichever is lower.

xxiv 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.

xxv Share Issue Expenses

Share issue expenses are charged off against available balance in the Securities premium reserve.

xxvi Share Based Payments

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

xxvii 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 Group for the period, the nature and amount of such material items are disclosed separately as exceptional items.

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HCC Real Estate Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at 31 March 2018

3 Property, plant and equipment

a. Tangible assets

(Rs. in lakhs)

Particulars	Leasehold Land	Freehold Land*	Building and Sheds	Plant and equipment	Office equipments	Furniture and fixtures	Vehicles	Computers	Leasehold improvements	Total
Gross carrying value										
As at 1 April 2016	1,670.83	1,808.31	82,241.11	18,080.53	58.45	822.74	84.08	72.75	-	104,838.80
Additions	-	1.52	2,221.86	9.11	2.06	-	-	3.43	-	2,237.98
Deductions/ disposals	113.15	-	-	-	-	-	0.03	-	-	113.18
As at 31 March 2017	**1,557.68**	**1,809.83**	**84,462.97**	**18,089.64**	**60.51**	**822.74**	**84.05**	**76.18**	**-**	**106,963.61**
Additions	0.95	-	1,868.77	383.75	0.05	-	-	4.54	-	2,258.06
Transferred from capital work in progress	-	-	-	-	-	-	-	-	638.77	638.77
Transfer from land inventory	-	2,960.95	-	-	-	-	-	-	-	2,960.95
Deductions/ disposals	67.78	-	-	-	-	-	8.15	-	-	75.93
As at 31 March 2018	**1,490.86**	**4,770.78**	**86,331.75**	**18,473.40**	**60.56**	**822.74**	**75.90**	**80.72**	**638.77**	**112,745.47**
Accumulated depreciation										
As at 1 April 2016	3.04	-	6,098.55	4,336.54	10.92	249.63	23.25	30.55	-	10,752.48
Depreciation charge for the year	23.52	-	4,504.34	1,951.49	8.29	92.93	15.73	16.03	-	6,612.33
Accumulated depreciation on disposals	18.14	-	-	-	-	-	-	-	-	18.14
Impairment loss	-	-	-	77.68	0.31	0.01	-	0.07	-	78.07
Reversal of impairment loss	-	-	249.52	209.59	0.30	15.44	-	0.90	-	475.75
As at 31 March 2017	**8.42**	**-**	**10,353.37**	**6,156.12**	**19.22**	**327.13**	**38.98**	**45.75**	**-**	**16,949.01**
Depreciation charge for the year	149.31	-	4,197.86	1,723.88	7.08	108.45	11.66	10.84	123.27	6,332.35
Accumulated depreciation on disposals	7.19	-	-	-	-	-	0.15	-	-	7.34
Impairment loss	-	-	2.25	61.36	0.26	3.47	-	0.06	-	67.40
Reversal of impairment loss	-	-	-	-	-	-	-	-	-	-
As at 31 March 2018	**150.54**	**-**	**14,553.47**	**7,941.38**	**26.56**	**439.05**	**50.49**	**56.65**	**123.27**	**23,341.42**
Net carrying value										
As at 31 March 2017	1,549.26	1,809.83	74,109.60	11,933.52	41.29	495.61	45.07	30.43	-	**90,014.60**
As at 31 March 2018	1,340.31	4,770.78	71,778.28	10,532.02	34.00	383.69	25.41	24.07	515.50	**89,404.04**

* Refer Note 15, wherein certain properties of the Company have been mortgaged under English mortgage towards its borrowings

b. Biological assets

(Rs. in lakhs)

Particulars	Biological assets	Total
Gross carrying value		
As at 1 April 2016	186.55	186.55
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2017	**186.55**	**186.55**
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2018	**186.55**	**186.55**
Accumulated depreciation		
As at 1 April 2016	12.57	12.57
Depreciation	12.58	12.58
Accumulated depreciation on disposals	-	-
As at 31 March 2017	**25.15**	**25.15**
Depreciation	12.57	12.57
Accumulated depreciation/ on disposals	-	-
As at 31 March 2018	**37.72**	**37.72**
Net carrying value		
As at 31 March 2018	**148.83**	**148.83**
As at 31 March 2017	**161.40**	**161.40**

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MUMBAI
CHARTERED ACCOUNTANTS

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4 Intangible assets

(Rs. in lakhs)

Particulars	Computer software	Trademarks and designs	Total	Goodwill
Gross carrying value				
As at 1 April 2016	124.89	73.35	198.24	13,102.70
Additions	0.52	12.67	13.19	-
Deductions/ disposals	-	-	-	-
As at 31 March 2017	125.41	86.02	211.43	13,102.70
Additions	3.38	-	3.38	3,046.47
Deductions/ disposals	-	-	-	-
As at 31 March 2018	128.79	86.02	214.81	16,149.17
Accumulated amortisation				
As at 1 April 2016	54.89	72.00	126.88	-
Amortisation charge for the year	34.42	-	34.42	-
Accumulated amortization on disposals	-	-	-	-
Impairment loss	-	-	-	-
Reversal of impairment loss	1.18	0.05	1.23	-
As at 31 March 2017	88.13	71.95	160.08	-
Amortisation charge for the year	15.32	0.35	15.66	-
Accumulated amortization on disposals	-	-	-	-
Impairment loss	-	-	-	3,046.47
Reversal of impairment loss	-	-	-	-
As at 31 March 2018	103.45	72.30	175.75	3,046.47
Net carrying value				
As at 31 March 2017	37.28	14.07	51.35	13,102.70
As at 31 March 2018	25.34	13.72	39.06	13,102.70

4.1 Impairment testing for goodwill

Goodwill recognised in accordance with the requirement of Ind AS 103 on additional acquisition of shares of a subsidiary, Green Hills Residences Limited were tested for impairment. As there is no promising business prospect which justifies its operational viability, hence value in use is negligible. Accordingly entire amount aggregating Rs. 3,046.47 lakhs recognised as goodwill during acquisition is provided for through statement of profit and loss.

Goodwill amounting Rs. 13,102.70 lakhs (31 March 2017: Rs. 13,102.70 lakhs) to is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount of the assets/CGU is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. The cash flow projections include specific estimates for five years and terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the EBITDA margins. Based on the above, no impairment provision considered necessary as the recoverable value of the CGU exceeded the carrying value.

4.2 Depreciation and amortisation charge during the year

(Rs. in lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
On tangible assets	6,344.92	6,624.91
On intangible assets	15.66	34.42
Total depreciation and amortisation charge during the year	6,360.58	6,659.33

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
14 Equity share capital		
Authorised share capital		
70,000,000 equity shares of Rs. 10 each (31 March 2017: 70,000,000 equity shares of Rs.10 each)	7,000.00	7,000.00
Total authorised share capital	**7,000.00**	**7,000.00**
Issued, subscribed and paid up share capital:		
66,193,185 equity shares of Rs. 10 each fully paid up (31 March 2017: 66,193,185 shares of Rs. 10 each)	6,619.32	6,619.32
Total issued, subscribed and paid up share capital	**6,619.32**	**6,619.32**

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

Equity shares	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
At the beginning of the year	66,193,185	6,619.32	66,193,185	6,619.32
Issued during the year	-	-	-	-
At the end of the year	**66,193,185**	**6,619.32**	**66,193,185**	**6,619.32**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid				
Hindustan Construction Company Limited - Holding company	66,193,185	100%	66,193,185	100%

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

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil
(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
(iii) Aggregate number and class of shares bought back - Nil

d) Rights and restriction attached to equity shareholders

The Company has only one class of equity shares having face value as 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.

e) Details of Employees Stock Option Scheme for Lavasa Corporation Limited ('LCL'), a subsidiary company

	As at 31 March 2018 Number	As at 31 March 2017 Number
a. Outstanding as at beginning of the year	430,305	874,064
b. Granted during the year	-	-
c. Forfeited during the year	-	-
d. Exercised during the year	-	-
e. Expired / cancelled / lapsed during the year	430,305	443,759
f. Outstanding at the end of the year	-	430,305
g. Exercisable at the end of the year	-	430,305

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

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
5 Investments		
Non-current		
(Face value of ₹ 10 each fully paid up, unless otherwise stated)		
I. Investments valued at deemed cost		
Investments in equity shares (unquoted)		
(a) In associates in India		
Knowledge Vistas Limited (KVL)	1,318.71	1,344.95
310,481 (31 March 2017 : 310,481) equity shares		
Warasgaon Lakeview Hotels Limited (effective 1 March 2018)	1,213.44	-
140,897 (31 March 2017 - Nil) equity shares (Refer note 5.2 below)		
	2,532.15	1,344.95
Less : Impairment provision	(1,318.71)	-
Subtotal (a)	1,213.44	1,344.95
(b) In joint ventures		
Bona Sera Hotels Limited	- *	-
122,563 (31 March 2017 : 122,563) equity shares		
Ecomotel Hotel Limited	600.36	622.70
11,096,289 (31 March 2017 : 10,132,240) equity shares		
Green Hills Residences Limited (upto 25 July 2017)	- *	-
Nil (31 March 2017 : 53,319) equity shares (Refer note 5.3 below)		
Starlit Resort Limited (effective 14 May 2015)	388.63	393.34
49,400 (31 March 2017 : 49,400) equity shares		
Andromeda Hotels Limited	290.32	294.81
61,470 (31 March 2017 : 61,470) equity shares		
Spotless Laundry Services Limited	- *	-
96,437 (31 March 2017 : 96,437) equity shares		
Apollo Lavasa Health Corporation Limited (effective from 16th November, 2015)	2,508.08	2,767.85
626,808 (31 March 2017 : 626,808) equity shares		
Whistling Thrush Facilities Services Limited	- *	-
27,540 (31 March 2017 - 27,540) equity shares		
	3,787.39	4,078.70
II. Investments in equity shares in others carried at fair value through OCI (Unquoted)		
Warasgaon Lakeview Hotels Limited (upto 1 March 2018)	-	900.33
Nil (31 March 2017 : 109,646) equity shares (Refer note 5.2 below)		
Space Theme Park India Limited	- *	-
50,000 (31 March 2017: 50,000) equity shares		
Osprey Hospitality Limited	- *	-
60 (31 March 2017 : 60) equity shares		
D S Kulkarni Developers Limited	0.03	-
10 (31 March 2017 : Nil) equity shares		
Orbit Corporation Limited	0.06	-
20 (31 March 2017 : Nil) equity shares		
	0.09	900.33

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
(Quoted)		
Punjab National Bank Limited 4,715 (31 March 2017 : 4,715) equity shares of ` 2 each	4.50	3.68
Hubtown Limited 10 (31 March 2017 : 10) equity shares	0.01	0.08
Ansal Housing and Construction Limited 30 (31 March 2017 : 30) equity shares	0.01	0.02
Ansal Properties and Infra Limited 10 (31 March 2017 : 10) equity shares of ` 5 each	- *	0.03
Ashiana Housing Limited 175 (31 March 2017 : 175) equity shares of ` 2 each	0.27	0.03
DLF Limited 10 (31 March 2017 : 10) equity shares of ` 2 each	0.02	0.09
HDIL Limited 12 (31 March 2017 : 12) equity shares	- *	0.08
Indiabulls Real Estate Limited 10 (31 March 2017 : 10) equity shares	0.02	0.07
Mahindra Lifestyle limited 10 (31 March 2017 : 10) equity shares	0.04	0.06
Orbit Corporation Limited Nil (31 March 2017 : 20) equity shares	-	0.06
Parshvanath Developers Limited 20 (31 March 2017 : 20) equity shares	- *	0.04
Peninsula Land Limited 50 (31 March 2017 : 50) equity shares of ` 2 each	0.01	0.06
Shoba Developers Limited 10 (31 March 2017 : 10) equity shares	0.05	0.09
Unitech Limited 10 (31 March 2017 : 10) equity shares of ` 2 each	- *	0.03
D S Kulkarni Developers Limited Nil (31 March 2017 : 10) equity shares	-	0.03
	4.93	4.45
III. Investments valued at amortised cost		
Investments in preference shares (unquoted)		
Others		
HCC Infrastructre Company Limited (Refer note 45) 10,000 (31 March 2017 - Nil) 0.1% Non cumulative preference shares	1.00	-
	1.00	-
IV. Investments in other instruments		
Corporate guarantee		
(a) In joint venture	40.07	33.81
(b) In associates	125.10	-
(c) In fellow subsidiary company	-	203.94
(d) In parent company	2,953.88	2,953.88
	3,119.05	3,191.63
Total non-current investments	8,125.90	9,520.06
Details:		
Aggregate of non-current investments:		
(i) Carrying value of investments (net of impairment loss) - unquoted	8,120.97	9,515.61
(ii) Carrying value of investments (net of impairment loss) - quoted	4.93	4.45
(iii) Market value of investments - quoted	4.93	4.45
(i) Investments carried at deemed cost	6,319.54	5,423.65
(ii) Investments carried at fair value through OCI	5.02	904.78
(iii) Investments carried at amortised cost	3,120.05	3,191.63
Current		
Investment in Mutual Funds carried at FVTPL		
Birla Sun Life cash Plus - Daily Dividend Plan 2,860.76 units (31 March 2017 : 36,944.72 units)	2.91	37.02
Reliance Banking and PSU Debt fund (2,924.51 units (31 March 2017 575,118.90 units)	0.37	62.13
Total current investments	3.28	99.15
Total investments	8,129.18	9,619.21

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
5.1 The Group's share of loss from equity accounted investments is as follows:		
Joint Venture		
Spotless Laundry Services Limited	(708.22)	(708.22)
Whistling Thrush Facilities Services Limited	(22.95)	(22.95)
Starlit Resort Limited (w.e.f 14 May 2015)	(36.71)	(32.00)
Ecomotel Hotel Limited	1.66	24.00
Andromeda Hotels Limited	106.51	111.00
Apollo Lavasa Health Corporation Limited	(2,214.77)	(1,955.00)
Bona Sera Hotels Limited	-	-
Associate		
Warasgaon Lake View Hotels Limited	(77.56)	(390.67)
Knowledge Vistas Limited	(113.24)	(87.00)
	(3,065.28)	(3,060.84)

5.2 During the current year, L&T Infrastructure Finance Limited has transferred back the shares of Warasgaon Lake View Hotel Limited (WLVHL) invoked by them during the previous year due to default in debt obligations. Consequent to this, Group's stake in WLVHL has been restated at 27% and accordingly considered and accounted for this investment as an associate.

5.3 In respect of Green Hills Residencies Limited (GHRL), in earlier years, the cancellation of joint venture agreement by Lavasa Corporation Limited (LCL), was challenged by the investor and the matter was referred to the arbitration. During the year 2016-17, joint venturer entered into agreement and the disputes were settled amicably. As per the settlement agreement, equity shares held by investor have been transferred to LCL during the current year, which has resulted 100% holding by LCL in GHRL.

5.4 LCL has given a "Non Disposal Undertaking" to the lenders of the joint venture for the amounts borrowed by them to the extent summarised below.

Name of the Company	**Number of equity shares** 31 March 2018	31 March 2017
Ecomotel Hotel Limited	11,096,289	10,132,240

6 Loans		
(Unsecured, considered good unless otherwise stated)		
Non-current		
Inter corporate deposit to joint ventures and associates (Refer Note 32)	8,919.27	3,223.67
Security deposits		
- related parties	251.25	333.69
- Others	148.18	325.02
Total non current loans	**9,318.70**	**3,882.38**
Current		
Security deposits	56.12	382.44
Loans to joint ventures (Refer Note 32)		
Unsecured, considered good	-	4,996.19
Unsecured, considered doubtful	-	2,134.04
Less: Impairment loss provision	-	(2,134.04)
Loans to others		
Unsecured, considered good	-	280.58
Unsecured, considered doubtful	4,243.45	4,243.45
Less: Impairment loss provision	(4,243.45)	(4,243.45)
Total current loans	**56.12**	**5,659.21**
Total loans	**9,374.82**	**9,541.59**
7 Other financial assets		
Non-current		
Margin money deposits with banks (with maturity more than 12 months)	571.86	739.76
Interest accrued and due on inter corporate deposit	340.58	271.95
Less: Impairment loss provision	(2.10)	-
Application money paid towards securities		
Unsecured, considered doubtful	562.00	562.00
Less: Impairment loss provision	(562.00)	(562.00)
Total non-current other financial assets	**910.34**	**1,011.71**
Current		
Unbilled work	1,885.74	2,042.23
Interest accrued and due on inter corporate deposit	764.55	-
Loans to employee	5.62	6.88
Others	5.57	3.01
Total current other financial assets	**2,661.48**	**2,052.12**
Total other financial assets	**3,571.82**	**3,063.83**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
8 Income tax assets (Net)		
Non-current		
i. The following table provides the details of income tax assets and liabilities:		
Current tax assets	3,541.93	3,156.22
Less: Current tax liabilities	-	38.92
Total income tax assets (net)	**3,541.93**	**3,117.30**

	Year ended 31 March 2018 (Rs. in lakhs)
ii. The gross movement in the current tax asset/ (liability):	
Net current income tax assets/ (liabilities) at the beginning	3,117.30
Income tax paid	424.63
Tax adjustment for earlier years	-
Net current income tax assets/ (liabilities) at the end	**3,541.93**
iii. Income tax expense in the Statement of Profit and Loss comprises:	
Current income taxes	-
Deferred income taxes	(7,133.87)
Income tax expenses/ (income) (net)	**(7,133.87)**

Total brought forward losses upto financial year 2017-18, amounts to Rs.216,629.87 lakhs (financial year 2016-17: Rs.159,573.30 lakhs) which can be carried forward between A.Y. 2018-19 to A.Y. 2025-26).

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
9 Other assets		
(Unsecured, considered good unless otherwise stated)		
Non-current		
Capital advances	61.74	61.74
Less: Impairment loss provision	(61.74)	-
Financial guarantee	1,238.00	1,281.63
Prepaid expenses	72.45	108.79
Total other non current assets	**1,310.45**	**1,452.16**
Current		
Advances to suppliers		
Unsecured, considered good	16,319.08	16,282.10
Unsecured, considered doubtful	4,240.51	2,738.55
Less: Impairment loss provision	(4,240.51)	(2,738.55)
Prepaid expenses	1,058.52	2,594.19
Financial guarantees	-	173.30
Balances with government authorities	1,976.42	2,308.09
Total other current assets	**19,354.02**	**21,357.68**
Total other assets	**20,664.47**	**22,809.84**
10 Inventories		
Land	3,216.59	4,447.47
Land - Floor space index (FSI)	171,014.66	170,710.05
Project work in progress	15,431.47	15,128.74
Food and beverages	16.22	11.35
Stores and spares	34.50	39.33
Finished goods	200.58	206.85
Total inventories	**189,914.02**	**190,543.79**

Note:

a) Cost of Land includes:

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

ii) RS.10.64 lakhs (31 March 2017: Rs.10.64 lakhs) in respect of which irrevocable Power of Attorney is obtained in favour of the Group.

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

b) During the year ended 31 March 2018, Maan Township Developers Limited and HRL Thane Real Estate Limited have converted stock-in-trade (including land) into property, plant and equipment at its carrying value.

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
11 Trade receivables		
(Unsecured, considered good unless otherwise stated)		
Trade receivables from others		
Unsecured, considered good	1,341.29	13,440.06
Unsecured, considered doubtful	2,248.37	1,774.00
Less: Provision for doubtful debts	(2,248.37)	(1,774.00)
Total trade receivables	**1,341.29**	**13,440.06**

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

(b) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
12 Cash and cash equivalents		
Balances with banks	255.99	704.04
Cheques on hand	0.60	0.47
Cash on hand	6.90	3.54
Total cash and cash equivalents	**263.49**	**708.05**

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
13 Asset classified as held for sale		
Buildings and capital work in progress (CWIP)	-	200.18
Total asset classified as held for sale	-	200.18

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

15 Borrowings

A) Non Convertible Debentures (NCD) - Secured

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
1 (31 March 2017: 1) 10.75% NCD having face value of Rs.1,000,000,000	14,608.89	13,121.35
Subscribed Rs. 10,000 lakhs in the form of Deep Discount Convertible Debentures ('DDCD') by a bank. On 3 September 2010, vide supplementary agreement, the bank converted the existing DDCD into 1 (one) NCD aggregating Rs. 10,000 Lakhs for the tenor of 5 years. This NCD with effect from 12 February 2014 carries a coupon rate of 12.50% per annum, payable quarterly on subscription amount. The investor and the ultimate holding company had a put/call option respectively to sell/ purchase the NCD at the end of 36th, 48th and 60th month from the closing date 13 May 2010. (Secured by exclusive charge created by English mortgage deed on land situated at village Dhamanhol Taluka Mulshi admeasuring 1 acre. Also, secured by second charge on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon).		
150 (31 March 2017: 150) 14% NCD having total face value of Rs. 150,000,000.	5,100.96	4,532.29
Subscribed Rs. 1,500 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carry a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 30 acres. Corporate guarantee to the extent 100% of outstanding balance given by the holding company)		
50 (31 March 2017: 50) 16% NCD having total face value of Rs. 2,500,000,000.	56,373.04	46,730.20
NCDs carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and were to be redeemed on 6 January 2015. These NCD carry a put/call option which were exercisable on 6 January 2013, 6 January 2014 and 6 January 2015. (Secured by charge created by English mortgage deed on 747 acres of land)		
1,020 (31 March 2017: 1,020) 14% NCD having total face value of Rs. 994,500,000.	16,942.97	14,538.39
Subscribed Rs. 10,200 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carries a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by first pari passu charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets of the Company. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company).		
	93,025.86	78,922.23
Less: Classified under other financial liabilities (Refer note 16)	(93,025.86)	(78,922.23)
Subtotal (A)	-	-

B) Term loans - Secured

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
Consortium loan from banks		
Loans (Refer note (i) below for security and repayment details)	176,155.78	170,924.40
Less: Classified under other financial liabilities (Refer note 16)	174,301.08	73,416.03
	1,854.70	97,508.37
Other loans		
From banks (Refer note (ii) below for security and repayment details)	81,620.47	81,785.08
Less: Classified under other financial liabilities (Refer note 16)	71,866.67	23,905.91
	9,753.80	57,879.16
From financial institutions (Refer note (iii) below for security and repayment details)	78,899.01	76,440.26
Less: Classified under other financial liabilities (Refer note 16)	77,556.16	15,796.45
	1,342.85	60,643.81
Subtotal (B)	12,951.35	216,031.35

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
Security details and terms of repayment		
(i) Consortium loan from banks		
Nature of security		
Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company.	80,777.36	83,740.45
Primary Security:- First charge/hypothecation on the current assets including receivables of Warasgaon Assets Maintenance Limited ("WAML"). First charge on all bank accounts of WAML including but no limit to Escrow account to be established by WAML. Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement. Collateral Security:- First pari passu charge on land including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable & movable fixed assets, current assets, receivables, investments and all bank accounts Pledge of entire shareholding of Lavasa Corporation Limited in WAML. Pledge of entire shareholding of Lavasa Corporation Limited in Sahayadri City Management Limited ("SCML") Pledge of promoters holding in WAML. Pledge of promoter holding in SCML.	43,956.09	41,211.62
Primary Security - First charge/ hypothecation on the current assets including receivables of the Company. First charge on all bank accounts of the company including but not limited to the Escrow account to be established by the Company. Negative lien on rights acquired in respect of infrastructure assests under the concession agreement executed between the promoter and the Company. Collateral Security - Land of 3366.18 hectres including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets. Current assets, receivables, investments and all bank accounts Share Pledge (on First Pari Passu Basis with existing Lenders of the Company excluding Asset Reconstruction Company (India) Limited) Pledge of entire shareholding in the Company by existing shareholders to the lenders of WAML Pledge of promoter (Lavasa Corporation Limited) holding on WAML Pledge of promoter (Lavasa Corporation Limited) holding in SCML	51,422.33	45,972.33
	176,155.78	170,924.40
Terms of repayment		
There are various loans under the consortium loan and have various repayment terms as follows:		
Funded interest term loan from banks (FITL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 8 to 25 structured quarterly instalments commencing from March 2012 and ending in March 2018.	2,468.54	2,644.79
Funded interest term loan (FITL TL 1b) Carrying interest rate of 14.95 % p.a. is repayable in 8 structured quarterly installments commencing from June 2014 and ending in March 2016.	653.00	653.00
Term loan from banks (TL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 25 structured quarterly instalments commencing from March 2012 and ending in March 2018	11,939.62	12,453.12
Carrying interest rate of 15.25 % p.a. is repayable in 23 structured quarterly installments commencing from march 2012 and ending in March 2018	889.21	1,422.88
Term loan from banks (TL 1b) Interest rate ranging from 14.10% p.a. to 14.95 % p.a. is repayable in 6 to 25 structured quarterly instalments commencing from March 2012 and ending in March 2019	29,359.69	30,261.91
Term loan from banks (TL 1c) Loan aggregating to ' 35,467.29 lakhs (31 March 2017: ' 36,304.75 lakhs) carrying interest rate ranging from 12.60% p.a. to 13.35 % p.a. is repayable in 20 structured quarterly instalments commencing from June 2014 and ending in March 2019	35,467.29	36,304.75
Tenor of 20 years (including 2 years of moratorium period and repayment over 18 years). Loan to be repaid in 72 quarterly structured installments starting from 31 December 2017 and ending on 30 September 2035	95,378.47	87,183.95
	176,155.78	170,924.40

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
(ii) Other loans from banks		
Nature of security		
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 384 acres. Also second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	25,904.65	26,013.87
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 62 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by shareholders to the extent of their equity shares in the Company.	6,997.18	6,997.18
Second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	22,500.00	22,500.00
Secured by exclusive registered mortgage of land of Lavasa Project admeasuring 188 acres. Also, first pari passu charged over 649 acres on pari passu charge basis together with loans taken by its subsidiary. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company.	14,799.00	14,799.00
a) Secured by exclusive charge by way of registered mortgage on retail built up area to provide two time cover for the overdraft facility. The charged would be realeased as when Dasve Retail Limited ("DRL")sells the built up space. b) The total assets coverage ratio to be maintained at two times during the entire tenor of the facility based on the market value of land and any constructed property thereon. c) Exclusive charge on movable assets, current assets, including entire present and future lease receivables and Escrow/TRA held with the bank. d) Negative lien on entire net block of DRL. f) Unconditional and irrevocable corporate guarantee of Lavasa Corporation Limited for the entire loan.	1,864.33	1,795.33
Exclusive first charge on the current assets and movable fixed assets of Lavasa Hotels Limited ("LHL"). Negative lien on the immovable fixed asset of LHL.	342.44	400.00
a) Mortgage over all the fixed and current assets including future assets of Charosa Wineries Limited. b) Pledge over 21,00,000 shares hold by HCC Real Estate Limited. c) 100% Corporate Guarantee given by Holding Company, HCC Real Estate Limited.	6,971.14	7,068.48
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited.	2,241.73	2,241.73
	81,620.47	**81,815.58**
Terms of repayment		
Carrying interest rate ranging from 13.10 % p.a. to 15.85% is repayable in 12 structured quarterly instalments commencing from June 2018 and ending in March 2021.	47,700.83	47,810.05
Carrying interest rate ranging from 10.56% p.a. to 14.40 % p.a. is repayable in 6 to 14 structured quarterly instalments commencing from March 2017 and ending in March 2021.	22,500.00	22,500.00
Carrying interest rate of 13.35% p.a. is repayable in 28 structured quarterly instalments commencing from June 2018 and ending in March 2025.	1,864.33	1,795.33
Carrying interest rate of 11.85% p.a. is repayable in 28 structured quarterly installments, commencing 27 months after the date of initial disbursement i.e. 27 March 2012.	342.44	400.00
Carrying interest rate of 13.57% p.a. is repayable in 28 structured quarterly installments, commencing 36 months after the date of initial disbursement i.e. 28 December 2012.	6,971.14	7,068.48
Carrying interest rate of 13% p.a. is repayable in 4 structured quarterly installments, commencing 18 months from 30 September 2012.	2,241.73	2,241.73
	81,620.47	**81,815.58**

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
(iii) Other loans from financial institutions		
Nature of security		
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 169 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by the shareholders.	7,570.72	7,570.72
First pari passu charged by way of registered mortgage of land of Lavasa project admeasuring 26 acres and corporate guarantee to the extent 100% of outstanding balance given by the shareholders.	11,020.38	11,020.38
Secured by exclusive registered mortgage on piece and parcel of the Land admeasuring 6 acres or thereabout being Lot No. 202 situated on Thicket Street, Survey No. 113, Hissa No. 1, Survey No. 100, Hissa No. 1, of Village Dasve, Taluka Mulshi, District Pune, Maharashtra, and the said twenty two (22) Buildings admeasuring not more than 160,000 sq ft. built up area equivalent to 14,869.88 sq mtrs or thereabout to be constructed on the said Land.	7,506.79	7,506.79
First charge by way of hypothecation on the entire current assets including receivables of Warasgaon Power Supply Limited ("WPPSL") , present and future. First charge on all bank accounts of WPSL including but not limited to the Escrow Account including any Reserve Account to be established by WPSL. Second pari-passu charge by way of mortgage on the specific marketable immovable assets of the Lavasa Corporation Limited (Holding Company) so has to maintain a minimum Fixed Asset Coverage Ratio (FACR) of 1.25 times during the currency of the facility based on the market value of security at all point of time. WPSL is in the process of creating the said charge. Charge cum assignment of all the project documents including insurance documents. Negative lien on concession rights in whatsoever manner acquired in respect of Power Assets at Lavasa under the Concession Agreement executed between the Company and WPSL. The Lender and borrower have a put/call option respectively at the end of 5th year from the date of first disbursement and every year thereafter. Unconditional and irrevocable corporate guarantee of Lavasa Corporation Limited	25,918.75	26,400.00
First charge/hypothecation on the current assets including receivables of WAML. First charge on all bank accounts of WAML including but no limit to escrow account to be established by WAML. Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement. First pari passu charge on land of entire land including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets, current assets, receivables, investments and all bank accounts. Corporate guarantee has been gvien by Lavasa Corporation Limited and HCC Real Estate Limited	4,610.37	4,610.37
A first pari passu charge by way of hypothection charge on all movable fixed assets of WAML both present and future. A first pari passu charge by way of hypothection charge on current assets, book debts, operating cash flows, receivables, commission, revenue whatsoever nature and wherever arising. A first pari passu on all of borrower's bank accounts including but not limited to the Trust and Retention Account opened in a desginated bank. Negative lien on concession right accuired in respect of transportation infrastructure under the concession agreement as specified by WAML.	22,272.00	19,332.00
	78,899.01	76,440.26

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
Terms of repayment		
Carrying interest rate of 18.50 % p.a. is repayable post 2 years from the effective date of disbursement of loan i.e. on 24 April 2012, in 16 structured quarterly installments commencing from April 2014 and ending in January 18.	8,975.00	8,975.00
Carrying interest rate of 15.75 % p.a. is repayable post 3 years 9 months from the effective date of disbursement of loan in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	7,570.73	7,570.73
Carrying interest rate of 14.00 % p.a. is repayable post 3 years 8 months from the effective date of disbursement of loan i.e. on 13 October 2014, in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	2,045.38	2,045.38
Carrying interest rate of 10.56 % p.a. is repayable in 14 structured quarterly installments commencing from June 2016 and ending in September 2019	7,506.79	7,506.79
Carrying interest rate of WPSL PLR minus 2.75% p.a. payable monthly. The interest rate is floating and indexed to WPSL PLR. Loan is repayable in 40 structured quarterly installments beginning after 2 years from the effective date.	25,918.75	26,400.00
Tenor of 20 years (including 2 years of moratorium period and repayment over 18 years). Loan to be repaid in 72 quarterly structured installments starting from 31 December 2017 and ending on 30 September 2035	26,882.37	23,942.37
	78,899.01	76,440.26
C) Fully Convertible Debenture- Unsecured		
1 (31 March 2017: 1) 0% Fully Convertible Debenture having face value of ₹ 120,000,000	2,218.61	1,937.65
FCD subscribed on 28 September 2012 for a tenor of 2 years, which is compulsorily convertible into such number of equity shares aggregating 0.150528% of the subscribed and outstanding equity share capital at the end of 2 years from the date of allotment. The Company has an option to redeem the said FCD at redemption value of ₹ 1,505.28 lakhs at the end of 2 years from the date of allotment. The said option to convert has been extended further for a period of 4 years from 27 September 2014		
Less: Classified under other financial liabilities (Refer note 16)	2,218.61	-
Subtotal (C)	-	1,937.65
D) Share Warrants - Unsecured		
Share warrants	456.83	703.44
Share warrant issued on preferential basis with a warrant subscription price of ₹ 812,500,000 to subscribe to 2.03125% of the fully diluted equity share capital of the Company as on the date of exercise of the warrant which can be exercised at any time within a further extended period of 4 years over the earlier period of 9 years (warrant exercise period) from the closing date i.e. 30 March 2009. Party can exercise the warrant in part or whole for a maximum 5 times during the above warrant exercise period or at the time of Initial Public Offer (IPO). Any non conversion during the above period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.		
Less: Classified under other financial liabilities (Refer note 16)	-	-
Share warrants	9.30	8.06
Share warrant amounting to ₹ 585,000,000 issued on preferential basis with a warrant subscription price of ₹ 1,000,000 per warrant. This warrant entitles to subscribe to 1.4625% of the fully diluted equity share capital of the Company as on the date of exercise of the share warrant which can be exercised at any time till 30 September 2018. Party can exercise the share warrant in part or whole for a maximum 5 times during the warrant exercise period or at the time of IPO. Any non conversion during the period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.		
Less: Classified under other financial liabilities (Refer note 16)	9.30	-
	456.83	711.50

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
E) Liability component of financial instruments (refer note (I) below)		
Compulsory convertible preference shares 525,000,000 (31 March 2017 - 525,000,000) 0.001% compulsorily convertible preference shares of Rs. 10 each fully paid up	46,247.87	40,391.15
Less: Classified under other financial liabilities (Refer note 16)	-	-
Cumulative redeemable preference shares (refer note II below) 37,249,997 (31 March 2017 - 37,249,997) 6% cumulative redeemable preference shares of Rs. 10 each fully paid up	11,642.60	11,766.66
Less: Classified under other financial liabilities (Refer note 16)	1,690.52	-
	56,199.95	52,157.81
F) Loans from related parties (unsecured)		
Inter corporate deposit from Holding Company	23,203.37	38,013.96
Inter corporate deposit from other related parties	2,750.37	2,638.72
Total Loans from related parties	25,953.74	40,652.68
Inter corporate deposits carries 12.5% effective interest rate per annum and repayable on 31 March 2020.		
Total non current borrowings (A+B+C+D+E+F)	95,561.87	311,490.99

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WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
16 Other financial liabilities		
Non-current		
Security deposits	677.05	687.39
Financial guarantees	1,595.57	2,070.84
Total non-current other financial liabilities	2,272.62	2,758.23
Current		
Current maturities of long term borrowings (including overdue amounts)		
Term loan from banks	246,167.75	100,811.67
Term loan from others	77,556.16	12,306.71
Bonds and debentures	95,244.47	74,286.34
Share warrants	9.30	-
Cumulative redeemable preference shares	1,690.52	-
Interest accrued and due on secured borrowing	92,654.67	47,674.02
Retention deposit payables	3,720.73	3,542.44
Interest accrued but not due	2,917.29	2,171.96
Employees dues payable	683.81	523.19
Financial guarantees	94.35	15.73
Bank overdraft	-	23.05
Security deposits	320.46	495.31
Total current other financial liabilities	521,059.51	241,850.42
Total other financial liabilities	523,332.13	244,608.65

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MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

I) Compulsorily convertible preference shares
Reconciliation of preference shares outstanding at the beginning and at the end of the year

i)

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

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

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

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

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

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

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

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

II) Cumulative redeemable preference shares

i)

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

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

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

iii) Redemption terms :

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

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

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

iv) Rights and restrictions :

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

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

15.1 Notes on borrowings:

(a) **Summary of default in repayment**
Default in repayment of principal amount as at 31 March 2018:

Particulars	0 - 180 days		Above 180 days		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Debentures	5,325.00	9,485.03	40,759.00	37,456.20	46,084.00	46,941.23
Loan from others	97,015.66	30,586.08	223,415.86	62,947.08	320,431.52	93,533.16

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

(c) Interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, LCL's management expects that such overdue interest will not have any implications on the financial statements. Further, in view of the loss for the year, LCL has not created the Debenture Redemption Reserve for a cumulative amount of Rs. 8,774.58 lakhs (31 March 2017: Rs. 8,774.58 lakhs) in terms of Section 71(4) of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. LCL shall create the Debenture Redemption Reserve out of profits, if any, in the future years. As required by provision of Section 73 of the Act, LCL is required to deposit 15 per cent of the amount maturing during the next financial in a scheduled bank which has not been deposited considering the present financial condition of LCL.

(d) In respect of a subsidiary, WAML, 'other current financial liabilities' as at 31 March 2018 includes Rs. 103,034.16 lakhs, which were classified as NPA by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, WAML has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. WAML's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, certain lenders have not recalled for the existing facilities at present. Accordingly, classification of these borrowings into current and non-current as at 31 March 2018 is based on the original maturity terms stated in the agreements with the lenders.

(e) In respect of a subsidiary, DRL, 'other current financial liabilities', include balances amounting to Rs. 1,982.51 lakhs as at 31 March 2018, which have been classified as NPA by the lender during the current year, consequent to defaults in repayments of interest amounts. In the absence of confirmations from the bank, DRL has provided for interest and other penal charges on these borrowings based on the latest communication available from the lender at the interest rate specified in the agreement. DRL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

15.2 Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2018

Particulars	**31 March 2018**
Cash and Cash Equivalents	(263.49)
Current Borrowings	38,467.55
Non-Current Borrowings	608,884.74
Net Debt	647,088.80

Particulars	Other Assets	Liabilities from Financing Activities		Total
	Cash and Cash Equivalents	Non-Current Borrowings	Current Borrowings	
Net Debt as at 31 March 2017	(708.05)	546,569.73	15,995.28	561,856.96
Cash flows	444.56	(3,403.47)	21,726.94	18,768.03
Interest expense	-	80,112.29	5,894.81	86,007.10
Interest paid	-	(14,393.81)	(5,149.48)	(19,543.29)
Net Debt as at 31 March 2018	**(263.49)**	**608,884.74**	**38,467.55**	**647,088.80**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
17	**Provisions**		
	Non-current		
	Provision for employee benefits		
	- Gratuity	126.51	73.26
	- Leave entitlement and compensated absences	38.62	36.27
	Total non-current provisions	**165.13**	**109.53**
	Current		
	- Gratuity	25.49	14.02
	- Leave entitlement and compensated absences	63.85	69.58
	Provisions for foreseeable losses (Refer note 17.1)	3,477.04	4,039.22
	Total current provisions	**3,566.38**	**4,122.82**
	Total provisions	**3,731.51**	**4,232.35**

Note 17.1: The Company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

18	**Other liabilities**		
	Non-current		
	Deferred lease liability	5.54	11.69
	Total other non-current liabilities	**5.54**	**11.69**
	Current		
	Statutory dues payable	2,809.65	2,470.31
	Booking advances	17,956.20	26,083.71
	Total other current liabilities	**20,765.85**	**28,554.02**
	Total other liabilities	**20,771.39**	**28,565.71**

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HCC REAL ESTATE LTD.

19 Deferred tax liabilities (net)

A. Deferred tax liabilities		
Property, plant and equipment	12,070.99	12,449.73
Deemed equity investment	35,304.99	35,303.97
Impacts of recognition of financial instruments measured at amortised cost	44,588.01	104,249.80
Others	-	17,138.01
Total deferred tax liabilities	**91,963.99**	**169,141.51**
B. Deferred tax assets		
Carry forward losses	85,990.56	69,637.37
Minimum Alternate Tax	8,284.17	8,284.17
Impacts of recognition of financial instruments measured at amortised cost	18,381.49	43,742.05
Others	11,933.78	29,714.75
Total deferred tax assets	**124,590.00**	**151,378.34**
Deferred tax liabilities/(assets) before restatement	(32,626.01)	17,763.17
Deferred tax adjustment (Refer note 19.1 below)	-	(10,629.30)
Net deferred tax liabilities (A-B)	**(32,626.01)**	**7,133.87**

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

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

20 Borrowings (unsecured)

Current		
Inter corporate deposit from related parties	35,550.26	13,823.32
Total borrowings	**35,550.26**	**13,823.32**

21 Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note a below)	156.32	144.98
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
Related parties	2,443.44	10,406.51
Others	18,950.21	18,129.34
Total trade payables	**21,549.97**	**28,680.83**

(a) The Group has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2018. This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Group.

The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act	71.66	68.49
Interest accrued and due to suppliers under MSMED Act on the above amount	84.41	76.31
Payment made to suppliers (other than interest) beyond appointed day during the year	13.18	14.22
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	0.83	0.30
Interest accrued and remaining unpaid at the end of the accounting year	84.66	76.49
The amount of further interest remaining due and payable in the succeeding years	83.93	76.29

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

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WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2018

		Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
22	**Revenue from operations**		
	Land sales	409.69	4,280.26
	Contract revenue	2,544.26	2,153.21
	Sale of goods	232.56	106.78
	Sale of services	354.59	375.59
	Maintenance charges	703.07	716.07
	Parking fees	586.01	410.98
	Room rent	839.23	862.35
	Food and beverages	748.38	698.87
	Rental income	84.07	146.86
	Others	394.60	564.43
	Total revenue from operations	**6,896.46**	**10,315.41**
23	**Other income**		
	Interest income		
	- on fixed deposits	51.03	52.76
	- on inter corporate deposits	389.70	188.42
	- on financial instruments at amortised cost	1,786.06	1,404.92
	- on income tax refund	16.27	108.82
	Dividend income	2.13	112.50
	Other non operating income		
	- rental income	270.04	145.47
	- profit on sale of property, plant and equipment (net)	119.12	120.55
	- excess provision for earlier years written back	109.86	12.26
	- insurance claim received	-	151.30
	- Profit on divestment of subsidiary	4,685.86	-
	- miscellaneous	994.16	1,293.06
	Total other income	**8,424.23**	**3,590.05**
24	**Cost of material consumed**		
	Opening stock	257.53	181.67
	Add: Purchases	63.47	205.27
	Less: Closing stock	251.30	257.53
	Total cost of material consumed	**69.70**	**129.41**
25	**Construction expenses**		
	Land purchased / acquired	208.66	152.06
	Civil work and contract charges (net of recoveries)	1,287.30	4,444.82
	Power, fuel and water	784.02	685.34
		2,279.98	**5,282.22**
	Less : Transferred to contract work in progress	0.11	40.04
	Total construction expenses	**2,279.87**	**5,242.18**

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

		Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
26	**Changes in inventories**		
	Opening stock	190,286.26	187,757.15
	Closing stock	189,662.72	190,286.26
	Total changes in inventories	**623.54**	**(2,529.11)**
27	**Employee benefits expense**		
	Salaries and wages	1,629.14	1,849.94
	Contribution to provident and other funds	169.07	59.63
	Staff welfare	212.87	247.47
	Total employee benefits expense	**2,011.08**	**2,157.04**
28	**Finance cost**		
	Interest expense on:		
	- term loans	58,302.02	52,189.86
	- preference shares/warrants	6,310.73	6,546.05
	- debentures	14,427.10	12,156.31
	- inter corporate deposits	5,894.81	5,859.03
	- others	12.95	66.51
	Other borrowing costs:		
	- guarantee commission	225.82	161.44
	- others	846.62	646.08
	Total finance cost	**86,020.05**	**77,625.28**
29	**Other expenses**		
	Operating and maintenance	530.77	635.86
	Rent	544.68	397.61
	Rates and taxes	188.96	333.17
	Security charges	350.98	290.14
	Repairs and maintenance	356.08	117.14
	Housekeeping charges	332.75	194.85
	Grocery expenses	100.52	105.08
	Travelling	16.45	22.16
	Brokerage	1.00	275.80
	Communication	110.52	55.10
	Legal and professional	1,025.52	1,307.88
	Insurance	69.17	58.73
	Marketing and selling	295.07	576.39
	Impairment allowances		
	- on trade receivables	-	1,592.44
	- advance to suppliers	-	3,441.21
	Vehicle running and maintenance	59.51	9.27
	Foreign exchange loss (net)	4.24	2.85
	Payment to auditors		
	- statutory audit fees	31.80	37.70
	- certification fees	29.25	-
	- limited review	4.00	-
	- reimbursement of expenses	-	0.40
	Miscellaneous	305.70	1,392.81
	Total other expenses	**4,356.97**	**10,846.60**
29.1	**Exceptional items**		
	Impairment loss provision		
	- on trade receivables	(388.14)	-
	- capital work in progress	(12,279.60)	-
	- goodwill (Refer note 4.1)	(3,046.47)	-
	- advance to suppliers	(1,036.58)	-
		(16,750.79)	**-**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

30 Contingent liabilities and commitments

	A Contingent liabilities	**As at 31 March 2018 in Rs.lakhs**	**As at 31 March 2017 in Rs.lakhs**
(i)	Guarantees given by banks on behalf of the Group	183.35	183.35
(ii)	Corporate guarantees given by the group for its associates	306.29	306.29
(iii)	Claims against the group not acknowledged as debts	4,180.40	4,486.96
(iv)	Service tax litigation pending with department	66.41	28.95
(v)	Income Tax / Value Added Tax Matters	2,860.79	2,853.93
(vi)	Corporate guarantees given on behalf of related parties	763,539.83	1,111,413.74
vii)	MVAT litigation pending with department (to the extent of interest in Joint Venture)	10.73	18.21
viii)	Indemnity, guarantees given to banks / financial institutions / government bodies and others	412.63	1,302.82

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

(ix) IFCI has filed Winding Up Petition against Lavasa Corporation Limited and HCC Real Estate Ltd and invoked Corporate Guarantee given by HCC Real Estate Ltd to Lavasa Corporation Limited for Rs 300 lakhs.

(x) Bank of Baroda has filed recovery proceedings against Lavasa Corporation Limited and has invoked corporate guarantee given by HCC Real Estate Ltd to Lavasa Corporation Limited for Rs 1500 lakhs.

(xi) Others

a) The cumulative dividend payable excluding dividend distribution tax, towards 0.001% cumulative redeemable preference shares amounting to Rs.1,342.22 lakhs (31 March 2017: Rs.1,117.50 lakhs), in absence of distributable profits.

b) The Group has created security by way of registered mortgage over 259.6622 acres (31 March 2017 - 259.6622 acres) of land towards term loan taken by its subsidiary companies viz. Warasgaon Asset Maintenance Limited and Warasgaon Power Supply Limited.

c) The Group has created security by way of registered mortgage over 231.6628 acres of land (31 March 2017 - 231.6628 acres) of land situated in 5 villages namely Admal, Bhode, Gadle, Padalghar and Ugavali in Taluka Mulshi, District Pune, Maharashtra, towards redeemable non convertible debentures of Rs.12,000 lakhs issued to Axis Bank Limited by its Ultimate Holding Company.

d) The Group has created security by way of registered mortgage over 46.90 acres (31 March 2017 - 46.90 acres) of land situated in 3 villages namely Wadawali, Sakhari and Dhamanhol in Taluka Mulshi, Dist Pune, Maharashtra towards term loan of Rs. 2,500 lakhs taken by its Holding Company.

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

B. Commitments

i) HRL (Thane) Real Estate Ltd has created security in favor of ICICI Bank, by way of registered mortgage of land situated at Thane, Maharashtra towards term loan taken by Highbar Technologies Limited amounting to Rs. 220 Lakhs.

ii) Put option given to lenders of LCL aggregating Rs. 52,500.00 lakhs (31 March 2017: Rs. 52,500.00 lakhs) to sell shares to the Company in the event of default (including interest and penal charges thereon).

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

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

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

32 Related Party Disclosure

A Names of related parties and nature of relationship

A) Holding Company

Hindustan Construction Company Limited (HCC) - Holding Company

B) Fellow Subsidiaries

Panchkutir Developers Limited
Highbar Technologies Limited
HCC Infrastructure Company Limited
Steiner India Limited
Western Securities Limited
HCC Construction Limited
HCC Operations and Maintenance Limited
HCC Mauritius Enterprises Limited

C) Other related parties

1) Joint venture :

Bona Sera Hotels Limited
Green Hills Residences Limited
Spotless Laundry Services Limited
Starlit Resort Limited
Whistling Thrush Facilities Services Limited
Apollo Lavasa Health Corporation Limited
Ecomotel Hotel Limited
Andromeda Hotels Limited

2) Associates

Knowledge Vistas Limited

3) Others

HCC Concessions Limited
Vikhroli Corporate Park Private Limited
Hincon Finance Limited

B Key Management Personnel

Mr Surendra Agarwal	Chief Financial Officer
Mr Devendra Manchekar	Chief Executive Officer
Ms Smita Kelkar	Company Secretary

Details of transactions relating to persons referred above :	31 March 2018 (Rs. in lakhs)	31 March 2017 (Rs. in lakhs)
Remuneration paid to Mr. Devendra Manchekar	-	25.68
Total	-	**25.68**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

Transactions with related parties during the period :

Nature of transactions		**31 March 2018 (Rs. in lakhs)**	**31 March 2017 (Rs. in lakhs)**
Financial guarantee income	Fellow Subsidiaries	8.07	82.70
	Holding Company	453.00	453.65
Inter Corporate Deposit given during the year	Joint Venture	56.83	1,825.79
	Other related party	-	491.89
	Fellow Subsidiaries	-	12.70
Inter Corporate Deposit received back during the year	Associates	280.51	-
	Fellow Subsidiaries	-	2,036.91
	Joint Venture	-	270.57
	Other related party	-	3,097.23
Inter corporate deposit repaid	Fellow Subsidiaries	21.95	160.00
Inter Corporate Deposit taken during the year	Fellow Subsidiaries	136.00	2,393.48
	Holding Company	6,710.02	2,135.00
Interest Expenses on Inter corporate Deposit	Fellow Subsidiaries	340.70	147.98
	Holding Company	6,956.35	6,757.25
Interest income on Security deposit	Fellow Subsidiaries	81.25	-
Interest income on Inter Corporate Deposit given	Fellow Subsidiaries	-	102.35
	Joint Venture	780.03	724.42
Interest cost on lease deposit	Other related party	30.81	30.33
Expenses incurred on behalf of other entity	Fellow Subsidiaries	-	0.47
	Joint Venture	0.06	-
	Other related party	30.81	34.81
Rent expense	Holding Company	44.05	-
Project and other services given during the year	Associates	10.13	26.74
	Fellow Subsidiaries	2.41	8.93
	Holding Company	-	0.16
	Joint Venture	167.79	165.35
	Other related party	-	7.53
Project and Other Services Received	Fellow Subsidiaries	259.15	4,560.06
	Holding Company	395.51	417.84
	Joint Venture	19.30	12.71
	Other related party	-	145.23
Security Deposit repaid	Other related party	36.00	-

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

HCC Real Estate Limited

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

Balances outstandings		31 March 2018 (Rs. in lakhs)	31 March 2017 (Rs. in lakhs)
Advance / Deposit received and outstanding	Joint Venture	144.76	144.76
	Associates	502.53	502.53
Corporate Guarantees and Bank guarantees given and outstanding	Associates	87.57	100.07
	Joint Venture	6.78	15.78
	Holding Company	2,953.88	2,953.88
Corporate guarantees received on behalf of the Group and outstanding	Holding Company	3,173.07	5,318.16
Deemed equity investment by holding company	Holding Company	13,803.92	13,803.92
Included in other financial liabilities	Fellow Subsidiaries	-	8.07
Included in Trade Payables	Associates	0.08	0.08
	Fellow Subsidiaries	1,265.90	8,734.67
	Holding Company	732.40	480.72
	Joint Venture	445.06	580.93
	Other related party	-	610.11
Included in Trade Receivables	Associates	360.21	298.63
	Fellow Subsidiaries	61.91	34.18
	Holding Company	1.00	1.11
	Joint Venture	287.01	830.50
Intercorporate Deposit given Outstanding	Associates	0.07	0.07
	Joint Venture	5,634.48	4,996.19
Intercorporate Deposit Received Outstanding	Fellow Subsidiaries	69.28	69.28
	Holding Company	15,864.06	13,754.04
Interest Accrued and due on Inter corporate Deposit received	Fellow Subsidiaries	11.04	2.68
	Holding Company	1,893.69	1,641.26
Interest Accrued and Due on Intercorporate Deposit Given	Joint Venture	729.06	669.77
Loan payables	Fellow Subsidiaries	2,750.97	2,638.71
	Holding Company	42,819.21	38,086.37
Loans receivable	Fellow Subsidiaries	3,287.29	2,922.03
Other balance payables	Fellow Subsidiaries	3.64	28.53
	Holding Company	-	2,166.22
Other Current Assets	Holding Company	36.00	36.00
	Joint Venture	-	3.00
Other financial liabilities	Joint Venture	3.98	3.73
Outstanding interest receivable	Fellow Subsidiaries	271.52	271.52
Deemed equity investment against inter corporate deposit and interest accrued	Joint Venture	94.40	150.00
Security deposit taken	Fellow Subsidiaries	650.00	650.00
Security deposit given	Other related party	251.25	371.11
Advance/deposit given and outstanding	Fellow Subsidiaries	9.63	582.55
	Joint Venture	12.24	15.94

Refer notes 15 and 30(xi) for personal guarantees provided by the promoter, shares pledged and other security created in respect of borrowing by the Company or the related parties.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

33 Loss per share:

		For the year ended 31 March 2018	For the year ended 31 March 2017
A. Loss computation for basic earnings per share of Rs.10 each			
Loss as per the statement of profit and loss available for equity shareholders	(Rs. lakhs)	(66,011.39)	(53,396.49)
B. Less: Preference dividend on cumulative preference shares including distribution tax		-	-
Loss after preference dividend as stated above	(Rs. lakhs)	(66,011.39)	(53,396.49)
C. Weighted average number of equity shares for earning per share computation	(Nos.)	66,193,185	66,193,185
D. Loss per share - Basic and diluted	(in Rs)	(99.73)	(80.67)

34 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 2018 :

(Rs. in lakhs)

Particulars	Financial assets / liabilities at amortised cost	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets					
Investments					
Investments in equity shares (unquoted)	-	-	0.09	**0.09**	**0.09**
Investments in equity shares (quoted)	-	-	4.93	**4.93**	**4.93**
Investment in mutual funds	-	3.28	-	**3.28**	**3.28**
Investment in Preference Shares (Unquoted)	1.00	-	-	**1.00**	**1.00**
Loans	9,374.82	-	-	**9,374.82**	**9,374.82**
Trade receivables	1,341.29	-	-	**1,341.29**	**1,341.29**
Cash and cash equivalents and other bank balances	263.49	-	-	**263.49**	**263.49**
Other financial assets	3,571.82	-	-	**3,571.82**	**3,571.82**
Liabilities					
Borrowings (including interest accrued)	644,435.00	-	-	**644,435.00**	**644,435.00**
Trade payables	21,549.97	-	-	**21,549.97**	**21,549.97**
Other financial liabilities	10,009.26	-	-	**10,009.26**	**10,009.26**

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

(Rs. in lakhs)

Particulars	Financial assets / liabilities at amortised cost	Financial assets / liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets					
Investments					
Investments in equity shares (unquoted)	-	-	900.33	**900.33**	**900.33**
Investments in equity shares (quoted)	-	-	4.45	**4.45**	**4.45**
Investment in mutual fund	-	99.15	-	**99.15**	**99.15**
Loans	9,541.59	-	-	**9,541.59**	**9,541.59**
Trade receivables	13,440.06	-	-	**13,440.06**	**13,440.06**
Cash and cash equivalents and other bank balances	708.05	-	-	**708.05**	**708.05**
Other financial assets	3,063.83	-	-	**3,063.83**	**3,063.83**
Liabilities					
Borrowings (including interest accrued)	560,393.05	-	-	**560,393.05**	**560,393.05**
Trade payables	28,680.83	-	-	**28,680.83**	**28,680.83**
Other financial liabilities	9,529.91	-	-	**9,529.91**	**9,529.91**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

HCC REAL ESTATE LTD.

B **Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

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

Particulars	31 March 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Investments in equity shares	4.93	-	-	4.45	-	-
Investments in mutual funds	3.28	-	0.09	99.15	-	900.33

35 **Financial risk management objectives and policies**

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

i **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in lakhs)

Particulars	31 March 2018	31 March 2017
Increase in basis points	50 basis points	50 basis points
Effect on loss before tax, increase by	2,758.90	2,801.97
Decrease in basis points	50 basis points	50 basis points
Effect on loss before tax, decrease by	2,758.90	2,801.97

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

The following table analysis foreign currency exposure as at:

Particulars	Currency	31 March 2018		31 March 2017	
		Foreign currency (In lakhs)	Amount (In lakhs)	Foreign currency (In lakhs)	Amount (In lakhs)
Assets					
Trade receivables	USD	0.05	3.01	0.05	3.00
Advance to suppliers	EURO	1.39	109.84	1.39	96.02
	GBP	0.12	10.82	0.12	9.69
			123.67		**108.71**
Liabilities					
Trade payables	EURO	0.37	30.07	0.37	25.82
	USD	0.46	29.91	0.46	29.75
			59.98		**55.57**
Net assets / (liabilities)			**63.69**		**53.14**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

HCC REAL ESTATE LTD.

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

c **Equity price risk**

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

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

a Credit risk on trade receivables and unbilled work is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. For other customers, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

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

Balance at the beginning of the year	1,774.00	-
Balance at the end of the year	2,248.37	1,774.00

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

iii **Liquidity risk**

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

Maturity analysis of financial liabilities:

As at 31 March 2018

(Rs. in lakhs)

Particulars	On demand	Contractual Cash flow				
		0-12 Months	1-3 years	3-5 years	Above 5 years	Total
Borrowings excluding debentures	34,947.52	516,842.90	8,653.94	15,639.36	71,268.57	647,352.29
Trade payables	-	21,549.97	-	-	-	21,549.97
Other financial liabilities	-	10,009.26	-	-	-	10,009.26
Total	**34,947.52**	**548,402.12**	**8,653.94**	**15,639.36**	**71,268.57**	**678,911.51**

As at 31 March 2017

Particulars	On demand	Contractual Cash flow				
		0-12 Months	1-3 years	3-5 years	Above 5 years	Total
Borrowings	13,823.32	237,250.70	131,284.11	95,879.27	84,327.61	562,565.01
Trade payables	-	28,680.83	-	-	-	28,680.83
Other financial liabilities	-	9,529.91	-	-	-	9,529.91
Total	**13,823.32**	**275,461.44**	**131,284.11**	**95,879.27**	**84,327.61**	**600,775.75**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

36 Additional information pursuant to the provisions of paragraph 5 of Schedule III to the Companies Act, 2013 to the extent applicable.
Details of raw materials consumed

(Rs. in lakhs)

Particulars	31 March 2018	31 March 2017
	Value	Value
Grapes	0.44	40.44
Chemical Fertilizers	14.82	13.34
Consumables - Winery & Vineyard	30.90	2.49
Consumables - Packing Material	23.54	73.14
Total	**69.70**	**129.41**

37 Capital management

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

The Group 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 Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital plus total debt.

(Rs. in lakhs)

	As at 31 March 2018	As at 31 March 2017
Total debts	644,435.00	560,393.05
Total capital employed	438,787.92	448,554.85
Total debt to capital employed ratio (Gearing ratio)	1.47	1.25

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

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

Particulars	Currency	31 March 2018 Foreign currency (In lakhs)	31 March 2018 Amount (In lakhs)	31 March 2017 Foreign currency (In lakhs)	31 March 2017 Amount (In lakhs)
Assets					
Trade receivables	USD	0.05	3.01	0.05	3.00
Advance to suppliers	GBP	0.12	10.82	0.12	9.69
	EURO	1.39	109.84	1.39	96.02
			123.67		**108.71**
Liabilities					
Trade payables	EURO	0.37	30.07	0.37	25.82
	USD	0.46	29.91	0.46	29.75
			59.98		**55.57**
Net assets / (liabilities)			**63.69**		**53.14**

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

39 **Operating lease**

(Rs. in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
A. Future lease rental payments		
- Not later than one year	249.29	472.19
- Later than one year and not later than five years	146.52	1,311.47
- Later than five years	2.19	14.99
B. Lease payment recognised during the year	544.68	397.61

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

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

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

41 Non-current investments as at 31 March 2018 include investments aggregating Rs. 5,166.00 lakhs (31 March 2017: Rs. 5,457.46 lakhs) in its joint ventures and associates and other non-current loans and current trade receivables as on that date include dues from such joint ventures and associates aggregating Rs. 5,634.55 lakhs (31 March 2017: Rs. 4,996.26 lakhs) and Rs. 843.73 lakhs (31 March 2017: Rs. 1,191.74 lakhs) respectively, being considered good and recoverable by the management. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. The underlying projects in the Company are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of these investments and receivables as at 31 March 2018.

42 The Group has incurred consolidated net loss of Rs. 96,313.33 lakhs during the year ended 31 March 2018 and has also suffered losses from operations during the preceding financial years and as of that date, its current liabilities exceeded its current assets by Rs. 388,898.29 lakhs. The holding company and its four subsidiaries have defaulted in repayment of borrowings from the lenders. The operations of the Group are dependent on the projects undertaken by it and other entities in the group as a whole. The lenders of one of the subsidiaries had invoked Strategic Debt Restructuring (SDR) with reference date of 20 September 2017 as part of a comprehensive solution. During the current period, consequent to the Reserve Bank of India's (RBI) circular dated 12 February 2018, SDR Scheme invoked by the lenders of such subsidiary and two of its step-down subsidiaries, Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited, stand withdrawn with immediate effect. As required by the revised framework specified in the RBI's circular, such subsidiaries are in the process of formulating a resolution plan, along with the lenders. It is also in the process of reassessing its business plan in view of expected growth opportunities and intends to significantly expand its business operations going forward. Basis this, the Group's management has prepared the above financial statements on a "Going Concern" basis.

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

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44 Segment Reporting

The Group has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organisational structure and internal reporting system.

The Group's operations predominantly relate to 'Real-Estate', 'Comprehensive Urban Development and Management' and 'Agro Products'. The Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'.

The segment revenue, segment results, segment assets and segment liabilities include respective amounts identifiable to each of the segment and also amounts allocated on a reasonable basis.

As at 31 March 2018

	Particulars	Real-Estate	Comprehensive Urban Development & Management	Agro Products	Others	Consolidated
i)	**Segment Revenue**					
	External Sales	6,458.52	9,082.02	314.63	-	15,855.18
	Less: Inter Segment Revenue	528.97	5.52	-	-	534.49
	Total Segment Revenue	**5,929.55**	**9,076.50**	**314.63**	-	**15,320.69**
ii)	**Profit/ (Loss) Before Tax and Interest**	(12,069.13)	(4,518.51)	(838.69)	(0.82)	(17,427.15)
	Less: Finance Cost	4,397.45	80,681.92	940.68	-	86,020.05
	Profit/ (Loss) Before Tax	579.50	(85,200.43)	(1,779.37)	(0.82)	(86,401.11)
	Less: Tax Expenses	-	(7,133.87)	-	-	(7,133.87)
	Profit/ (Loss) After Tax	579.50	(78,066.56)	(1,779.37)	(0.82)	(79,267.24)
	Exceptional items	(734.08)	(16,016.71)	-	-	(16,750.79)
	Share in Profit/ (Loss) of Associates	-	(295.30)	-	-	(295.30)
	Profit/ (Loss) for the Year	**(154.58)**	**(94,378.57)**	**(1,779.37)**	**(0.82)**	**(96,313.33)**
iii)	**Segment Assets**	33,839.26	452,591.13	4,869.78	7.94	**491,308.11**
iv)	**Segment Liabilities**	50,749.71	640,168.30	9,578.65	0.47	**700,497.13**
v)	**Depreciation & Amortisation**	123.68	5,914.49	322.42	-	**6,360.59**

As at 31 March 2017

	Particulars	Real-Estate	Comprehensive Urban Development & Management	Agro Products	Others	Consolidated
i)	**Segment Revenue**					
	External Sales	6,197.11	12,610.11	353.02	14.93	19,175.17
	Less: Inter Segment Revenue	5,260.44	9.27	-	-	5,269.71
	Total Segment Revenue	**936.67**	**12,600.84**	**353.02**	**14.93**	**13,905.46**
ii)	**Profit/ (Loss) Before Tax and Interest**	543.54	(7,447.82)	(1,327.86)	(367.85)	(8,599.99)
	Less: Finance Cost	3,922.99	72,050.13	1,313.71	338.45	77,625.28
	Profit/ (Loss) Before Tax	(3,379.45)	(79,497.95)	(2,641.57)	(706.30)	(86,225.27)
	Less: Tax Expenses	-	(10,655.11)	-	-	(10,655.11)
	Profit/ (Loss) After Tax	(3,379.45)	(68,842.84)	(2,641.57)	(706.30)	(75,570.16)
	Share in Profit/ (Loss) of Associates	-	(284.33)	-	-	(284.33)
	Profit/ (Loss) for the Year (A)	**(3,379.45)**	**(69,127.17)**	**(2,641.57)**	**(706.30)**	**(75,854.49)**
iii)	**Segment Assets**	33,519.24	483,530.11	6,343.93	186.94	**523,580.22**
iv)	**Segment Liabilities**	43,142.30	579,836.93	8,420.12	2.49	**631,401.84**
v)	**Depreciation & Amortisation**	18.93	6,285.02	355.39	-	**6,659.34**

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

45 Interest in other entities

45.1 Subsidiaries

The Group's subsidiaries as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting right held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the Group (%) *		Ownership interest held by non-controlling interests (%)		Principal activities
		31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Charosa Wineries Limited	India	100.00	100.00	-	-	Winery Products
HRL Township Limited	India	100.00	100.00	-	-	Real Estate
Nashik Township Limited	India	100.00	100.00	-	-	Real Estate
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate
Powai Developers Limited	India	100.00	100.00	-	-	Real Estate
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate
HRL Thane Real Estate Limited	India	100.00	100.00	-	-	Real Estate
HCC Aviation Limited	India	100.00	100.00	-	-	Real Estate
Lavasa Corporation Limited	India	68.70	68.70	31.30	31.30	Comprehensive Urban Development and Management
Lavasa Hotel Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Lakeshore Watersports Company Limited	India	100.00	100.00	-	-	Watersport operations
Dasve Convention Center Limited	India	100.00	100.00	-	-	Hospitality services
Dasve Business Hotel Limited	India	100.00	100.00	-	-	Entertainment and Hospitality
Dasve Hospitality Institutes Limited	India	100.00	100.00	-	-	Educational services
Lakeview Clubs Limited	India	100.00	100.00	-	-	Clubs
Dasve Retail Limited	India	100.00	100.00	-	-	Retail and leasing business
Full Spectrum Adventure Limited	India	90.91	90.91	9.09	9.09	Adventure Sports
Lavasa Bamboocrafts Limited	India	100.00	100.00	-	-	Manufacturing and sale of bamboo articles
My City Technology Limited	India	63.00	63.00	37.00	37.00	Information and Communication Technology
Reasonable Housing Limited	India	100.00	100.00	-	-	Housing business
Future City Multiservices Sez Limited	India	100.00	100.00	-	-	Development of special economic zone
Verzon Hospitality Limited	India	100.00	100.00	-	-	Hostel services
Rhapsody Commercial Space Limited	India	100.00	100.00	-	-	Leasing business
Valley View Entertainment Limited	India	100.00	100.00	-	-	Entertainment services
Warasgaon Tourism Limited	India	100.00	100.00	-	-	Transport and Tourism
Our Home Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Warasgaon Power Supply Limited	India	100.00	100.00	-	-	Infrastructure - BOT basis
Sahyadri City Management Limited	India	100.00	100.00	-	-	City management
Hill City Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Kart Racers Limited	India	89.90	89.90	10.10	10.10	Adventure Sports
Nature Lovers Retail Limited	India	100.00	100.00	-	-	Retail services
Warasgaon Valley Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Rosebay Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Mugaon Luxury Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Warasgaon Assets Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - BOT basis
Hill View Parking Services Limited	India	100.00	100.00	-	-	Parking services
Warasgaon Infrastructure Providers Limited	India	100.00	100.00	-	-	Infrastructure Services
Green Hills Residences Limited	India	100.00	60.00	-	40.00	Hostel services

* including through subsidiary companies

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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45.2 Non Controlling Interest (NCI)

The following table summarizes the information relating to each of the subsidiaries that has Non Controlling Interest. The amounts disclosed are before intra-group eliminations.

(Rs. in lakhs)

Particulars	Full Spectrum Adventure Limited		My City Technology Limited		Kart Racers Limited		Lavasa Corporation Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Balance Sheet								
Non current assets	333.56	344.51	37.56	80.16	-	-	257,929.85	271,371.51
Current assets	57.23	98.31	1,331.02	1,403.12	-	-	212,833.21	230,178.37
Non current liabilities	1.69	1.81	0.05	1.68	-	-	63,679.75	270,609.18
Current liabilities	2,409.02	2,129.53	492.28	438.79	23.29	20.04	601,446.15	333,432.04
Total equity	(2,019.92)	(1,688.52)	876.25	1,042.81	(23.29)	(20.04)	(194,362.84)	(102,291.15)
Attributable to:								
Equity holders of parent	(1,836.56)	(1,580.53)	552.03	656.97	(20.94)	(18.02)	(194,501.34)	(102,566.98)
Non-Controlling Interest	(183.36)	(107.99)	324.21	385.84	(2.35)	(2.02)	138.50	275.83
Statement of profit and loss								
Revenue	194.83	228.42	46.44	58.85	-	0.02	9,082.02	12,610.11
Profit/(Loss) before tax	(331.44)	(260.12)	(166.46)	(195.86)	(3.29)	(2.71)	(103,944.03)	(82,203.49)
Other comprehensive income	0.05	-	0.03	0.77	-	-	(1.16)	6.95
Total comprehensive income/ (loss)	(331.39)	(260.12)	(166.43)	(195.09)	(3.29)	(2.71)	(96,811.32)	(71,541.42)
Profit allocated to NCI	(30.13)	(23.13)	(61.59)	(72.19)	(0.33)	(0.05)	(92.03)	(95.38)
Dividend paid to NCI	-	-	-	-	-	-	-	-
OCI allocated to NCI	0.00	-	0.01	0.28	-	-	(0.01)	-
Total comprehensive income allocated to NCI	(30.12)	(23.13)	(61.58)	(71.91)	(0.33)	(0.05)	(92.04)	(95.38)
Statement of cash flows								
Cash flow from operating activities	46.11	(24.77)	(15.43)	(13.66)	-	(0.23)	(2,465.00)	(6,067.75)
Cash flow from investing activities	-	-	14.66	10.00	-	-	2,198.72	(1,491.47)
Cash flow from financing activities	(53.82)	0.17	-	1.21	-	-	(107.58)	7,601.68
Net increase/ (decrease) in cash and cash equivalents	(7.71)	(24.60)	(0.77)	(2.46)	-	(0.23)	(373.86)	42.46

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MUMBAI
CHARTERED ACCOUNTANTS

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45.3 Interest in associates and joint venture

(Rs. in lakhs)

	Note	Carrying amount as at 31 March 2018	Carrying amount as at 31 March 2017
Interest in associates	*See (A) below*	1,213.44	1,344.95
Interest in joint ventures	*See (B) below*	3,787.39	4,078.70
		5,000.83	5,423.65

(A) Interest in associates

The Group's associates as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

(Rs. in lakhs)

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at * 31 March 2018	Carrying amount as at * 31 March 2017	Principal activities
Warasgaon Lake View Hotels Limited	India	27.00	1,213.44	-	Hotel (Hospitality)
Knowledge Vistas Limited	India	49.00	1,318.71	1,344.95	Education
Subtotal			2,532.15	1,344.95	
less: Impairment provision			(1,318.71)	-	
Total			1,213.44	1,344.95	

* Unlisted entity - no quoted price available

Refer Note 45.4 for the summarised financial information for associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

During the years ended 31 March 2018 and 31 March 2017, the Group did not receive dividends from any of its associates

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

(Rs. in lakhs)

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at * 31 March 2018	Carrying amount as at * 31 March 2017	Principal activities
Spotless Laundry Services Limited	India	76.02%	-	-	Laundry services
Green Hills Residences Limited (up to 25 July 2017)	India	100.00%	-	-	Hostel
Whistling Thrush Facilities Services Limited	India	51.00%	-	-	Facility Maintainance
Starlit Resort Limited (w.e.f 14 May 2015)	India	26.00%	388.63	393.34	Hotel (Hospitality)
Ecomotel Hotel Limited	India	39.90%	600.36	622.70	Hotel (Hospitality)
Andromeda Hotels Limited	India	40.03%	290.32	294.81	Hotel (Hospitality)
Apollo Lavasa Health Corporation Limited	India	49.00%	2,508.08	2,767.85	Hospital and Health Care Serv
Bona Sera Hotels Limited	India	26.00%	-	-	Hotel (Hospitality)
			3,787.39	4,078.70	

* Unlisted entity - no quoted price available

Refer Note 45.5 for the table below provide summarised financial information for joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Though the Group's investment in below mentioned entities exceed 50% of the total share capital, these entities have been classified as joint venture. The management has assessed whether or not the group has control over these entities based on whether the group has practical ability to direct relevant activities unilaterally. In these cases, based on specific shareholders agreement, the management concluded that the group does not have practical ability to direct the relevant activities unilaterally but has such ability along with the other shareholders. The details in respect these entities are as under :

Name of the entity	(%) of share holding as at 31 March 2018
Spotless Laundry Services Limited	76.02%
Whistling Thrush Facilities Services Limited	51.00%

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is Nil.

Unrecognized share of losses of Joint Ventures

The Group has not recognised losses in relation to its interests in the following joint ventures as the Group has no obligation in respect of these losses.

(Rs. in lakhs)

Particulars	For the year ended 31 March 2018	As at 31 March 2018	For the year ended 31 March 2017	As at 31 March 2017
Green Hills Residences Limited	*A	*A	(41.09)	(1,591.69)
Spotless Laundry Services Limited	(641.09)	(1,613.74)	(371.79)	(972.65)
Bona Sera Hotels Limited	7.55	(33.38)	(10.80)	(40.93)
Whistling Thrush Facilities Services Limited	(15.53)	(15.53)	-	-
	(649.08)	(1,662.66)	(423.69)	(2,605.27)

During the years ended 31 March 2018 and 31 March 2017, the Group did not receive dividends from any of its joint ventures

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

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45.4 Table below provide summarised financial information for Associates

(Rs. in lakhs)

Particulars	Warasgaon Lakeview Hotels Limited		Knowledge Vistas Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-Current Assets	**	*^	**	**
Current Assets	**	*^	**	**
Non-Current Liabilities	**	*^	**	**
Current Liabilities	**	*^	**	**
Net Assets	**	*^	**	**
Group share of net assets	**	*^	**	**
Revenue	**	*^	**	**
Profit/ (loss) for the year	**	*^	**	**
Other comprehensive income	**	*^	**	**
Total comprehensive income	**	*^	**	**
Group share of profit/ (loss)	**	*^	**	**
Group share of OCI	**	*^	**	**
Group share of total comprehensive income	**	*^	**	**
Dividend received	-	-	-	-

*^ Indicates disclosures that are not required
** financials not available

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

45.5 Table below [illegible] summarised financial information for joint venture

Summarised Balance Sheet as at

(Rs. in lakhs)

Particulars	Andromeda Hotels Limited		Green Hills Residences Limited		Spotless Laundry Services Limited		Whistling Thrush Facilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-Current Assets			*					
Property, Plant and Equipment	413.07	1,270.48	*	0.03	778.60	1,268.35	0.96	1.14
Capital work-in-progress	858.97		*		-	-	-	-
Financial Assets	0.47	-	*	-	65.23	61.41	0.25	0.25
Income tax asset (net)			*	-	2.18	-	110.82	-
Other Non-Current Assets	-	-	*	0.49	-	-	-	-
Current Assets			*					
Financial Assets	0.01	53.48	*	2.54	1.10	6.96	611.05	638.55
Other Current Assets	-	0.02	*	0.01	6.24	11.10	4.07	116.02
Non-Current Liabilities			*					
Financial Liabilities	40.02	-	*	-	-	-	-	-
Other Non-Current Liabilities	464.63	-	*	-	-	-	-	-
Current Liabilities			*					
Financial Liabilities	-	549.22	*	2,711.31	2,933.38	2,616.29	877.64	782.82
Other Current Liabilities	10.97	10.56	*	0.03	134.74	102.64	3.17	96.23
Total Equity	756.90	764.20	*	(2,708.27)	(2,314.45)	(1,371.11)	(163.67)	(123.[illegible])

Particulars	Starlit Resort Limited		Ecomotel Hotel Limited		Apollo Lavasa Health Corporation Limited		Bona Sera Hotels Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-Current Assets								
Property, Plant and Equipment	1,374.62	1,369.84	1,488.14	1,642.38	7,451.42	7,623.80	446.60	503.82
Capital work-in-progress	49.19	49.19	-		90.97		-	-
Financial Assets	0.45	0.42	21.20	0.53	19.30	19.30	41.10	36.84
Income Tax	4.17	4.17	18.00		-		-	-
Deferred tax assets (net)	-	-	-	43.16	-	-	255.37	271.34
Other Non-Current Assets	-	-	8.51	-	-	-	-	-
Current Assets								
Inventories	14.33	14.32	34.85	-	-	-	20.38	19.43
Financial Assets	136.00	169.89	89.29	114.66	76.72	108.57	580.73	516.33
Current tax assets (net)	62.48	90.24	-	-	6.28	-	-	-
Other Current Assets	6.56	12.12	55.22	84.86	4.37	7.78	8.62	6.29
Non-Current Liabilities								
Financial Liabilities	-	1.07	-	405.00	-	-	2.60	5.03
Other Non-Current Liabilities	-	-	-	-	-	-	-	-
Provisions	2.96	8.41	7.16	7.86	-	2.32	16.50	14.23
Current Liabilities								
Financial Liabilities	145.88	152.24	997.87	1,330.81	1,465.90	1,382.24	729.47	715.44
Other Current Liabilities	0.18	0.11	26.03	13.54	867.20	792.79	783.71	647.00
Provisions	(3.93)	15.61	4.57	-	11.98	-	0.61	0.55
Total Equity	1,507.70	1,532.74	689.75	128.36	5,203.88	5,582.10	(9.27)	(29.39)

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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

Summarised statement of profit and loss for the year ended 31 March 2018

(Rs. in lakhs)

Particulars	Andromeda Hotels Limited		Green Hills Residences Limited		Spotless Laundry Services Limited		Whistling Thrush Facilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue	-	-	*	-	6.68	4.79	6.61	1.08
Cost of raw material and components consumed	-	-	*	-	-		-	-
Depreciation and amortisation	0.42	0.42	*	0.03	146.48	167.98	0.18	0.22
Finance Cost	5.70	3.93	*		360.51	307.74	22.43	25.22
Employee Benefits	-	-	*	-	-	0.81	2.31	19.22
Other Expenses	1.17	4.86	*	0.57	343.00	17.33	12.16	83.79
Provision for doubtful debts	-	-	*	67.80	-	-	-	-
Profit before tax	-	(9.21)	*	(68.40)	-	(489.07)	-	(127.38)
Income Tax Expense	-	-	*	-	-	-	-	-
Profit for the year (continuing operations)	-	(9.21)	*	(68.40)	-	(489.07)	-	(127.38)
Other Comprehensive Income	-	-	*	-	-	-	-	-
Total Comprehensive Income for the year (continuing operations)	(7.29)	(9.21)	*	(68.40)	(843.32)	(489.07)	(30.48)	(127.38)

Particulars	Starlit Resort Limited		Ecomotel Hotel Limited		Apollo Lavasa Health Corporation		Bona Sera Hotels Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue	347.35	285.50	1,127.77	1,170.97	54.81	70.26	1,203.01	1,094.54
Cost of raw material and components consumed	62.30	60.32	75.55	65.19	-	51.04	-	-
Depreciation and amortisation	-	18.88	158.87	177.85	82.17	96.07	86.01	105.31
Finance Cost	0.07	0.31	198.80	212.91	169.00	152.03	69.10	98.41
Employee Benefits	103.00	91.87	423.55	424.47	57.97	62.98	336.51	305.01
Other Expenses	177.01	180.37	606.28	531.54	128.19	99.66	666.39	626.35
Profit before tax	4.98	43.81	(235.28)	(140.99)	(378.12)	(390.63)	44.99	(41.54)
Income Tax Expense	-	15.72	-	-	-	-	15.96	-
Profit for the year (continuing operations)	4.98	28.09	(235.28)	(140.99)	(378.12)	(390.63)	29.03	(41.54)
Other Comprehensive Income	-	-	3.19	2.48	-	0.79	-	-
Total Comprehensive Income for the year (continuing operations)	4.98	28.09	(232.09)	(138.52)	(378.12)	(389.84)	29.03	(41.54)

* Indicates disclosures that are not required, as it became wholly owned subsidiary in current year

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HCC REAL ESTATE LTD.

HCC Real Estate Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2018

46 The Board of directors in its meeting held on 27 March 2017 approved the proposal for merger of Pune Paud Toll Road Company Limited (PPTRCL) with HCC Infrastructure Company Limited (HICL) in accordance with the provisions of section 230 to 232 of the Companies Act 2013 and rules made thereon. The application was filed with National Company Law Tribunal (NCLT) on 31 March 2017 and the same was approved by the NCLT on 22 December 2017. The appointed date for the aforementioned scheme is 1 April 2016. Pursuant to the said scheme, the Company shall receive 10,000 0.1% Non cumulative preference shares of HCC Infrastructure Company Limited of Rs. 10 each in lieu of 6,049,500 equity shares of Pune Paud Toll Road Company Limited held by it.

47 Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on 31 March 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of Rs. 8,525.88 lakhs.

48 LCL, a subsidiary company, has incurred losses and consolidated net-worth as at 31 March 2018 has been fully eroded. The underlying projects in such entity are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed) of Rs. 324,417.56 lakhs. Similarly, no diminution in value of goodwill amounting to Rs. 13,102.70 lakhs and non-controlling interest amounting to Rs. 51,039.07 lakhs of LCL is considered necessary.

49 **Recent accounting pronouncement**

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

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

The standard permits two possible methods of transition:

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

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch - up approach)

The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

50 * represents amount less than Rs.1,000.

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
Director
DIN : 0698 1622

Shripad Gaitonde
Director
DIN : 0698 1627

Devendra Manchekar
Chief Executor Officer

Surendra Agarwal
Chief Financial Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

HCC REAL ESTATE LTD.

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16th Floor, Tower II
Indiabulls Finance Centre
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Independent Auditor's Report

To the Members of HCC Real Estate Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Basis for Qualified Opinion

8. As stated in note 25.1 to the financial statements, the Company's non-current investments as at 31 March 2018 aggregating to INR 2,363.38 lakhs in its subsidiary, Charosa Wineries Limited, and non-current loans and other non-current financial assets as on that date include dues from such subsidiary aggregating Rs.5,449.32 lakhs and Rs.690.63 lakhs respectively. However, the subsidiary has accumulated losses and its net worth is fully eroded as at 31 March 2018. Management has assessed that no adjustments are required to the carrying value of the above balances, which is not in accordance with the requirements of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustments, if any, that are required to the carrying value of these investment, non-current loans and other non-current financial assets and the consequential impact on the financial statements.

Qualified Opinion

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

Material Uncertainty Related to Going Concern

10. We draw attention to note 36 to the accompanying financial statements which indicates that the Company incurred a net loss of Rs. 3,038.36 lakhs during the year ended 31 March 2018 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 6,022.41 lakhs. The Company has also defaulted in repayment of borrowings from the lenders. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. However, the Company is in the process of reassessing its business plans including monetizing land and buildings to be built thereon held as inventory as at 31 March 2018, at value in excess of its carrying value. Basis this and other factors mentioned in aforesaid note to the standalone financial statements, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

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Emphasis of Matter

11. We draw attention to note 25.2 to the standalone financial statements, regarding the Company's non-current investments in its subsidiary, Lavasa Corporation Limited, and its non-current loans and other non-current financial assets which include dues from such subsidiary aggregating Rs. 52,782.69 lakhs, Rs. 18,484.64 lakhs and Rs. 6,215.24 lakhs respectively as at 31 March 2018. The consolidated net worth of the aforesaid subsidiary as at 31 March 2018 has been fully eroded and it has incurred losses during the year ended 31 March 2018. Based on the fact that the market value of immovable properties in Lavasa at its consolidated level is sufficient to meet its external liabilities, and other factors stated in aforementioned note, management has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.

Other Matter

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

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

    b) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

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

    e) the matters described in paragraphs 8, 10 and 11 above, in our opinion, may have an adverse effect on the functioning of the Company;

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

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

h) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 2 May 2018 as per Annexure B expressed a modified opinion;

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

   i. the Company, as detailed in Notes 23 (A)(ii), (iii) and (iv) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

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

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

Place: Mumbai
Date: 2 May 2018

Annexure to the Independent Auditor's Report of even date to the members of HCC Real Estate Limited, on the financial statements for the year ended 31 March 2018

Annexure A

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

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

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

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

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

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

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

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

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

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Annexure A (Contd)

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

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

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS on Salary	1.01	FY 2016-17	31 March 2017	Not paid

Annexure A to the Independent Auditor's Report of even date to the members of HCC Real Estate Limited, on the financial statements for the year ended 31 March 2018

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax on account of any dispute, are as follows:

Statement of disputed dues

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Amount paid under Protest (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax/Penalty	133.57	-	2009-10	Commissioner (Appeals)
		314.87	62.40	2011-12	
		713.74	107.00	2012-13	
		573.32	86.00	2013-14	
		0.11	-	2005-06	
		24.35	-	2008-09	
		13.45	-	2009-10	Income Tax Appellate Tribunal
		969.62	-	2010-11	

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Annexure A (Contd)

(viii) There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders. The Company has defaulted in repayment of loans/borrowings to the following bank:

Particulars	Days	Principal	Interest	Amount of default as on 31 March 2018	Amount Paid
The Jammu & Kashmir Bank Limited	Less than 181 days	-	215.38	215.38	-
	More than 181 days	2,241.73	1065.12	3,306.85	-

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

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

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

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

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

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

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

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

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

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

Place: Mumbai
Date: 2 May 2018

Annexure B

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure B (Contd)

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified Opinion

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

   The Company did not have sufficient appropriate evidence to support supervisory and review controls over process of determining (a) carrying value of the Company's non-current investments in its subsidiaries; (b) recoverability of loans and other financial assets due from such subsidiaries. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of investments in such subsidiaries and dues from such subsidiaries and consequently, could also impact the loss (financial performance including other comprehensive income) after tax.

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

Qualified opinion

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

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

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

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

Place: Mumbai
Date: 2 May 2018

HCC Real Estate Limited
Balance Sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	517.20	2.11
Capital work-in-progress	3(c)	-	598.68
Intangible assets	3(b)	-	-
Financial assets			
Investments	4	64,738.29	66,111.46
Loans	5	12,399.90	11,122.53
Other financial assets	6	7,616.61	705.73
Income tax assets (net)	7	1,943.78	1,890.27
Other non-current assets	8	570.79	502.10
Total non-current assets		**87,786.57**	**80,932.88**
Current assets			
Inventories	9	11,082.76	11,082.76
Financial assets			
Investments	4	0.37	62.13
Cash and cash equivalents	10	8.63	-
Loans	5	19,548.63	19,852.94
Other financial assets	6	-	4,459.81
Other current assets	8	469.46	489.50
Total current assets		**31,109.85**	**35,947.14**
TOTAL ASSETS		**118,896.42**	**116,880.02**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	6,619.32	6,619.32
Other equity		41,712.52	44,750.12
Total equity		**48,331.84**	**51,369.44**
Non current liabilities			
Financial liabilities			
Borrowings	12	25,951.33	40,725.09
Other financial liabilities	13	7,461.52	10,493.92
Provisions	14	13.93	11.33
Other non- current liabilities	16	5.54	11.69
Total non-current liabilities		**33,432.32**	**51,242.03**
Current liabilities			
Financial liabilities			
Borrowings	12	19,618.85	-
Trade payables	15	11,058.40	11,041.91
Other financial liabilities	13	6,189.94	3,146.57
Other current liabilities	16	260.45	76.06
Provisions	14	4.62	4.01
Total current liabilities		**37,132.26**	**14,268.55**
TOTAL EQUITY AND LIABILITIES		**118,896.42**	**116,880.02**

Notes 1 to 37 form an integral part of the standalone financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

For and on behalf of Board of Directors

Avinash Harde
Director
DIN No.- 06981622

Shripad Gaitonde
Director
DIN No.- 06981627

Surendra Agarwal
Chief Finance Officer

Devendra Manchekar
Chief Executive Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC Real Estate Limited

Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Note No.	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
Income			
Revenue from operations		-	-
Other income	17	6,278.70	6,179.06
Total income		**6,278.70**	**6,179.06**
Expenses			
Changes in inventory of project work-in-progress	18	-	-
Employee benefits expense	19	119.55	93.96
Finance costs	20	5,880.26	5,712.19
Depreciation and amortisation expense		123.68	18.93
Other expenses	21	223.08	356.52
Total expenses		**6,346.57**	**6,181.60**
Loss before exceptional item and tax		**(67.87)**	**(2.54)**
Exceptional items	21.1	2,970.51	-
Loss before tax		**(3,038.36)**	**(2.54)**
Tax expense			
Current income tax		-	-
Deferred income tax		-	-
Loss for the year (A)		**(3,038.36)**	**(2.54)**
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		0.76	(0.78)
Income tax effect on above		-	-
(b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year, net of tax (B)		**0.76**	**(0.78)**
Total comprehensive loss for the year, net of tax (A+B)		**(3,037.60)**	**(3.32)**
Loss per equity share of face value of Rs. 10 each			
Basic and diluted (in Rs.)	22	(4.5901)	(0.0038)

Notes 1 to 37 form an integral part of the standalone financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

For and on behalf of the Board of Directors

Avinash Harde
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Chief Executive Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC Real Estate Limited
Cash Flow Statement for the year ended 31 March 2018

Particulars		Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax		(3,038.38)	(2.54)
Adjustment for:			
Depreciation and amortisation expense		123.68	18.93
Finance cost		5,878.15	5,712.18
Interest income		(4,096.14)	(3,992.84)
Rent income		(46.65)	(59.29)
Dividend income		(1.24)	(82.52)
Income from financial guarantees given		(1,214.32)	(1,183.61)
Impairment on loans		315.82	-
Impairment in investments		99.30	-
Impairment loss in other financial assets		2.19	-
Capital work-in-progress written off		59.89	-
Loss on sale of investment in subsidiary company		2,555.59	-
Allowance for doubtful advances		15.00	-
Operating profit/ (loss) before working capital changes		**652.71**	**410.31**
Adjustments for changes in working capital:			
Decrease/ (increase) in other financial assets		269.25	7.40
Decrease/ (increase) in other assets		36.35	(119.34)
Increase/ (decrease) in other financial liabilities		331.56	19.04
Increase/ (decrease) in provisions		3.21	1.60
Increase in other current liabilities		178.26	89.59
Increase in trade payables		16.49	-
Operating profit/(loss) after working capital changes		**1,487.83**	**408.60**
Income taxes (paid)/ refund		(253.51)	(533.95)
Net cash generated/ (used in) operating activities	(A)	**1,234.32**	**(125.35)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment including capital work-in-progress		-	(698.66)
Investment acquired / (proceeds) from sale of investment		(1,219.54)	(25.67)
Loans and advances given/(repaid)		(1,288.68)	(3,385.77)
Interest received		1,373.62	1,554.39
Rent received		46.65	59.29
Dividend received		1.24	82.53
Net cash generated from/(used in) investing activities	(B)	**(1,087.11)**	**(2,413.89)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from/ (repayment) of borrowings		4,845.09	7,595.60
Finance cost on borrowings		(4,983.67)	(5,533.25)
Net cash generated from/ (used in) financing activities	(C)	**(138.58)**	**2,062.35**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**8.63**	**(476.89)**
Cash and cash equivalents at the beginning of the year		-	476.89
Cash and cash equivalents at the end of the year (Refer note 10)		**8.63**	-

Note:
The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows". Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable the users of financial statements to evaluate the changes in liabilities arising from financing activities, including both the changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of amendment did not have any material impact on the financial statements.

Notes 1 to 37 form an integral part of the standalone financial statements.

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place: Mumbai
Date: 2 May 2018

Avinash Harde
Director
DIN No.- 06981622

Shripad Gaitonde
Director
DIN No.- 06861627

Surendra Agarwal
Chief Finance Officer

Devendra Manchekar
Chief Executive Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC Real Estate Limited

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

A) Equity share capital

Particulars	Number	(Rs. in lakhs)
Equity shares of Rs.10 each subscribed and paid up		
As at 31 March 2016	66,193,185	6,619.32
Issue of equity shares	-	-
As at 31 March 2017	66,193,185	6,619.32
Issue of equity shares	-	-
As at 31 March 2018	66,193,185	6,619.32

B) Other equity

(Rs. in lakhs)

Particulars	Deemed equity investment by holding company	Reserve and surplus		Other comprehensive income (OCI)	Total equity attributable to equity holders
		Securities premium reserve	Retained earnings	Net gain on fair value of defined benefit plans	
As at 31 March 2016	13,803.92	40,816.99	(9,878.35)	10.88	44,753.44
Loss for the year	-	-	(2.54)	-	(2.54)
Other comprehensive loss for the year	-	-	-	(0.78)	(0.78)
As at 31 March 2017	13,803.92	40,816.99	(9,880.89)	10.10	44,750.12
Loss for the year	-	-	(3,038.36)	-	(3,038.36)
Other comprehensive income for the year	-	-	-	0.76	0.76
As at 31 March 2018	13,803.92	40,816.99	(12,919.25)	10.86	41,712.52

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 financial guarantee, 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) Net gain/(loss) on fair value of defined benefit plans - OCI

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

Notes 1 to 37 form an integral part of the standalone financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

For and on behalf of Board of Directors

Avinash Harde
Director
DIN No:- 06981622

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Surendra Agarwal
Chief Finance Officer

Devendra Manchekar
Chief Executive Officer

Smita Kelkar
Company Secretary

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 2 May 2018

Place: Mumbai
Date: 2 May 2018

HCC REAL ESTATE LTD.

1. Corporate information

HCC 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 Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India. The Company was incorporated on 15 June 2005 (CIN U70100MH2005PLC154004).

The standalone financial statements of the Company as at and for the year ended 31 March 2018 were approved and authorised for issue by the board of directors on 2 May 2018.

2. Significant accounting policies

i Basis of preparation

The financial statements of HCC 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.

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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

Computers :	3 years
Office equipment :	20 years

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

Leasehold improvements is amortised over the primary period of lease.

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

vi Financial instruments

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

a) Financial assets

Initial recognition

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

Subsequent measurement:

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

Financial assets at amortised cost

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

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

Financial assets are measured at FVTOCI, if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.
Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL.

Impairment of financial assets

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

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

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

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

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

De-recognition of financial assets

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

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

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

b) Equity instruments and financial liabilities

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

Equity instruments

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

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

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

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

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

Where the 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 in-frequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

vii Employee benefits

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

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

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

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

viii Inventories

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

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

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

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

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

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.

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

HCC REAL ESTATE LTD.

HCC Real Estate Limited

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

3(a) Property, plant and equipment (Tangible assets)

(Rs. in lakhs)

Particulars	Tangible Assets		
	Office equipment	Leasehold improvements	Total
Gross carrying value			
As at 31 March 2016	2.81	-	2.81
Additions	-	-	-
Deductions/ disposals	-	-	-
As at 31 March 2017	**2.81**	**-**	**2.81**
Additions	-	-	-
Transferred from capital work in progress	-	638.77	638.77
Deductions/ disposals	-	-	-
As at 31 March 2018	**2.81**	**638.77**	**641.58**
Accumulated depreciation			
As at 31 March 2016	0.15	-	0.15
Depreciation/ amortisation charge	0.55	-	0.55
Accumulated depreciation on disposals	-	-	-
As at 31 March 2017	**0.70**	**-**	**0.70**
Depreciation/ amortisation charge	0.41	123.27	123.68
Accumulated depreciation on disposals	-	-	-
As at 31 March 2018	**1.11**	**123.27**	**124.38**
Net carrying value			
As at 31 March 2018	**1.70**	**515.50**	**517.20**
As at 31 March 2017	2.11	-	2.11

3(b) Intangible assets

(Rs. in lakhs)

Particulars	Intangible Assets	
	Computer software	Total
Gross carrying value		
As at 31 March 2016	48.38	48.38
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2017	**48.38**	**48.38**
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2018	**48.38**	**48.38**
Accumulated amortisation		
As at 31 March 2016	30.00	30.00
Amortisation charge	18.38	18.38
As at 31 March 2017	**48.38**	**48.38**
Amortisation charge	-	-
As at 31 March 2018	**48.38**	**48.38**
Net carrying value		
As at 31 March 2018	-	-
As at 31 March 2017	-	-

3(c) Capital Work-in-progress

(Rs. in lakhs)

Particulars	Total
As at 31 March 2016	-
Add : Addition during the year	698.66
As at 31 March 2017	**698.66**
Add : Addition during the year	-
Less : Derecognised	(59.89)
Less : Transferred to property, plant and equipment	(638.77)
As at 31 March 2018	-

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WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

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

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
4 Investment			
Non current investments			
(Face value of Rs. 10 each, unless otherwise stated)			
I. Investments in equity share, valued at deemed cost, fully paid up			
(i) In subsidiary companies in India			
Maan Township Developers Limited 100,000 (31 March 2017 - 100,000 Shares) equity shares		1,180.25	1,180.25
Less: Impairment loss provision		(10.00)	(10.00)
		1,170.25	1,170.25
HRL (Thane) Real Estate Limited 100,000 (31 March 2017 - 100,000) equity shares		1,960.33	1,960.33
Less: Impairment loss provision		(10.00)	(10.00)
		1,950.33	1,950.33
HRL Township Developers Limited 100,000 (31 March 2017 - 100,000) equity shares		27.94	27.94
Less: Impairment loss provision		(27.94)	(10.00)
		-	17.94
Lavasa Corporation Limited 546,842,513 (31 March 2017 - 546,842,513) equity shares		45,222.96	44,858.60
Nashik Township Developers Limited 100,000 (31 March 2017 - 100,000) equity shares		90.71	90.71
Less: Impairment loss provision		(90.71)	(10.00)
		-	80.71
Charosa Wineries Limited 7,000,000 (31 March 2017 - 7,000,000) equity shares		2,363.38	2,363.38
Powai Real Estate Developers Limited. 50,000 (31 March 2017 - 50,000) equity shares		5.00	5.00
Less: Impairment loss provision		(5.00)	(4.35)
		-	0.65
HCC Aviation Limited 50,000 (31 March 2017 - 50,000) equity shares		5.00	5.00
Less: Impairment loss provision		(5.00)	(5.00)
		-	-
Pune-Paud Toll Road Company Limited (Refer note 24) Nil (31 March 2017 - 6,049,580) equity shares		-	2,556.59
HCC Realty Limited 50,000 (31 March 2017-50,000) equity shares		5.00	5.00
Less: Impairment loss provision		(1.94)	(1.94)
		3.06	3.06
	(A)	50,709.99	53,001.72
II. Investments valued at amortised cost			
Investments in preference shares (unquoted)			
Subsidiary company			
Lavasa Corporation Limited 22,400,087 (31 March 2017- 22,400,087) 6% Cumulative preference shares		7,559.73	6,639.37
Others			
HCC Infrastructure Company Limited (Refer note 24) 10,000 (31 March 2017 - Nil) 0.1% Non cumulative preference shares		1.00	-
	(B)	7,560.73	6,639.37
III. Investments in other instruments			
(i) In fellow subsidiary company			
Panchkutir Developers Limited		-	2.83
(ii) In stepdown subsidiary company			
Warasgaon Asset Maintenance Limited (Corporate guarantee)		3,513.67	3,513.67
(iii) In parent company			
Hindustan Construction Company Limited (Corporate guarantee)		2,953.88	2,953.88
	(C)	6,467.55	6,470.39
Total non-current investments [A+B+C]		64,738.29	66,111.48
Current investments (quoted)			
Investments in mutual funds carried at FVTPL			
Reliance Banking and PSU Debt fund 2,924,515 units at NAV of Rs. 12.6097 each (31 March 2017: 525,118.903 units at NAV of Rs. 11.8319 each)		0.37	62.13
Total current investments		0.37	62.13
Details:			
(i) Market value of quoted investments		0.37	62.13
(ii) Aggregate carrying value of unquoted investments		64,738.29	66,111.48
(iii) Aggregate amount of impairment in value of investments		150.59	51.29
(i) Investments carried at deemed cost		50,709.99	53,001.72
(ii) Investments carried at amortised cost		14,028.29	13,109.76
(iii) Investments carried at fair value through profit and loss		0.37	62.13

4.1 The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by subsidiary companies as indicated below:

Name of the Company	No. of equity shares pledged 31 March 2018	31 March 2017
Lavasa Corporation Limited	546,842,513	546,842,513
Charosa Wineries Limited	2,100,000	2,100,000

4.2 The Company has given a 'Non Disposal Undertaking' to the lenders of Charosa Wineries Limited to the extent of 2,800,000 (31 March 2017: 2,800,000) equity shares.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
5	**Loans**		
	(Unsecured, considered good unless otherwise stated)		
	Non-current		
	Loan to subsidiaries (Refer note 26)		
	Inter corporate deposits	13,621.77	12,624.33
	Less: Impairment loss provision	(1,473.11)	(1,501.80)
	Security deposits		
	Related party (Refer note 26)	251.25	-
	Total non-current loans	**12,399.90**	**11,122.53**
	Current		
	Loan to related parties (Refer note 26)		
	Inter corporate deposits	21,133.13	21,093.13
	Less: Impairment loss provision	(1,584.50)	(1,240.19)
	Total current loans	**19,548.63**	**19,852.94**
	Total loans	**31,948.54**	**30,975.47**
6	**Other financial assets**		
	Non-current		
	Security deposits		
	- Related parties (Refer note 26)	-	269.26
	Interest receivable from		
	- Related parties (Refer note 26)	7,618.80	436.47
	Less: Impairment loss provision	(2.19)	-
	Total non-current financial assets	**7,616.61**	**705.73**
	Current		
	Interest receivable from		
	- Related parties (Refer note 26)	-	4,459.81
	Total current financial assets	**-**	**4,459.81**
	Total other financial assets	**7,616.61**	**5,165.54**
7	**Income tax assets (net)**		
	i. The following table provides the details of income tax assets and liabilities:		
	Income tax assets	1,943.78	1,690.27
	Less: Income tax liabilities	-	-
	Total income tax assets (net)	**1,943.78**	**1,690.27**
	ii. The gross movement in the income tax asset/ (liability):		
	Net non-current income tax assets/ (liabilities) at the beginning	1,690.27	1,156.32
	Income tax paid	253.51	533.95
	Tax adjustment for earlier years	-	-
	Net non-current income tax assets/ liabilities at the end	**1,943.78**	**1,690.27**
	iii. Income tax expense in the statement of profit and loss comprises:		
	Current income taxes	-	-
	Deferred income taxes	-	-
	Income tax expenses/(income) (net)	-	-

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:

Profit/(loss) before income tax	(3,037.60)	(3.32)
Applicable income tax rate	25.75%	30.90%
Computed expected tax expense	-	-
Effect of expenses not allowed for tax purpose	803.71	1,069.52
Effect of income not considered for tax purpose	(814.11)	(1,021.71)
Tax adjustments for earlier years	-	-
Reversal of deferred tax assers in absence of reasonable certainty	10.40	(47.81)
Income tax (income)/ expense charged to the statement of profit and loss	-	-

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

	As at 31 March 2018 (₹ lakhs)	As at 31 March 2017 (₹ lakhs)
Pertaining to		
Assessment year 2010-11 and expiring in financial year 2017-18	-	28.27
Assessment year 2011-12 and expiring in financial year 2018-19	0.09	0.09

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
8	**Other assets**		
	Non-current		
	Capital advances (Refer note 26)	500.00	500.00
	Deferred lease assets	70.79	102.10
	Total non-current assets	**570.79**	**602.10**
	Current		
	Advance for land purchases	15.50	15.50
	Less: Impairment loss provision	(15.00)	-
	Balance with service tax authorities	128.62	140.21
	Other current assets	360.34	353.79
	Less: Impairment loss provision	(20.00)	(20.00)
	Total current assets	**469.46**	**489.50**
	Total other assets	**1,040.25**	**1,091.60**
9	**Inventories**		
	Project work in progress - Land	11,082.76	11,082.76
	(Valued at cost or net realisable value, whichever is lower)		
	Total Inventories	**11,082.76**	**11,082.76**

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

10	**Cash and cash equivalents**		
	Balances with banks		
	- on current accounts	8.63	23.05
	Less: Book overdraft (classified as other financial liability)	-	(23.05)
	Total cash and cash equivalents	**8.63**	-

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WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
11 Equity share capital		
Authorised share capital		
70,000,000 equity shares of Rs. 10 each (31 March 2017: 70,000,000 equity shares of Rs.10 each)	7,000.00	7,000.00
Total authorised share capital	7,000.00	7,000.00
Issued, subscribed and paid up share capital:		
66,193,185 (31 March 2017: 66,193,185) equity shares of Rs. 10 each fully paid up	6,619.32	6,619.32
Total issued, subscribed and paid up share capital	6,619.32	6,619.32

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

Equity shares	As at 31 March 2018		As at 31 March 2017	
	No of shares	Rs. in lakhs	No of shares	Rs. in lakhs
At the beginning of the year	66,193,185	6,619.32	66,193,185	6,619.32
Issued during the year	-	-	-	-
At the end of the year	66,193,185	6,619.32	66,193,185	6,619.32

b) **Details of shareholders holding more than 5% of shares of the Company and shares held by holding company**

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs. 10 each fully paid				
Hindustan Construction Company Limited - Holding company	66,193,185	100%	66,193,185	100%

c) **Rights and restriction attached to equity shareholders**

The Company has only one class of equity shares having face value as Rs. 10 each. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. Any dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

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

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

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WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
12 Borrowings		
Non-current		
Term loan from bank (secured)	2,241.73	2,241.73
Less: Classified as other financial liabilities (Refer note 13)	(2,241.73)	(2,241.73)
	-	-
Loans from related parties (unsecured) (Refer note 26)		
Inter corporate deposit from Holding Company	23,200.96	38,086.37
Inter corporate deposit from other related parties	2,750.37	2,638.72
Total Loans from related parties	**25,951.33**	**40,725.09**
Total non-current borrowings	**25,951.33**	**40,725.09**

i) Security and interest details:
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited
Carries effective interest rate of 13.00 % per annum

ii) Repayment terms:
Term loan from bank is repayable in 4 structured quarterly installments after the end of 18 months from 30 September 2012.
Inter corporate deposits carries 12.5% effective interest rate per annum and repayable on 31 March 2020.

iii) The Company has defaulted in repayment of principal and interest there on. The details in this regard has been presented in note 33.

iv) Considering the above defaults, The Jammu & Kashmir Bank Limited, the lender, has declared the Company's account as Non Performing Asset.

Current		
Inter corporate deposits		
Related party	19,618.85	-
Total current borrowings	**19,618.85**	-

Inter corporate deposits carries 12.5% effective interest rate per annum and repayable on 1 April 2018.

Total borrowings	**45,570.18**	**40,725.09**
13 Other financial liabilities		
Non-current		
Security deposit (Refer note 26)	677.05	687.38
Financial liability on account of guarantee (Refer note 26)	6,784.47	7,634.62
Interest payable on inter corporate deposits (Refer note 26)		
- Holding company	-	2,166.22
-Other related parties	-	5.69
Total non-current financial liabilities	**7,461.52**	**10,493.92**
Current		
Current maturities of secured borrowings (Refer note 12)	2,241.73	2,241.73
Interest accrued and due on secured borrowings	1,280.49	864.32
Book overdraft	-	23.05
Interest payable on inter corporate deposits (Refer note 26)		
- Holding company	2221.46	-
-Other related parties	428.76	-
Payable to employees	17.50	17.47
Total current financial liabilities	**6,189.94**	**3,146.57**
Total financial liabilities	**13,651.46**	**13,640.49**
14 Provisions		
Non-current		
Provision for employee benefits (Refer note 27)		
- Gratuity	11.58	9.90
- Leave entitlement and compensated absences	2.35	1.43
Total non-current provisions	**13.93**	**11.33**
Current		
Provision for employee benefits (Refer note 27)		
- Gratuity	0.59	0.50
- Leave entitlement and compensated absences	4.03	3.51
Total current provisions	**4.62**	**4.01**
Total provisions	**18.55**	**15.34**

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
15	**Trade payables**		
	Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 31)	-	-
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	- Related parties (Refer note 26)	10,970.45	10,970.45
	- Others	87.95	71.46
	Total trade payables	**11,058.40**	**11,041.91**

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

		As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
16	**Other liabilities**		
	Non current		
	Deferred lease liability	5.54	11.69
	Total non current liabilities	**5.54**	**11.69**
	Current		
	Statutory dues payable	256.94	76.05
	Deferred lease liability	3.51	-
	Total current liabilities	**260.45**	**76.05**
	Total other liabilities	**265.99**	**87.74**

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WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

		Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
17	**Other income**		
	Interest income		
	- Inter corporate deposits	4,096.14	3,992.84
	Other non-operating income		
	- Rental income	46.65	59.29
	- Dividend income	1.24	82.52
	- Financial guarantee income	1,214.32	1,183.61
	- Income on preference shares	920.36	860.79
	Total other income	**6,278.70**	**6,179.06**
18	**Changes in inventory of project work-in-progress**		
	Balance of Project Work in Progress - Land	11,082.76	11,082.76
	Add: Expenditure during the year	-	-
		11,082.76	11,082.76
	Less : Transferred to inventories (Refer note 9)	(11,082.76)	(11,082.76)
	Total changes in inventory	-	-
19	**Employee benefits expenses**		
	Salaries, wages and bonus	115.32	89.29
	Contribution to provident and other funds (Refer note 27)	3.97	3.34
	Staff welfare expenses	0.26	1.33
	Total employee benefits expense	**119.55**	**93.96**
20	**Finance costs**		
	Interest expense on:		
	- term loans	416.17	456.70
	- inter corporate deposits	5,461.98	5,252.16
	Other borrowing costs		
	-Others	2.11	3.34
	Total finance costs	**5,880.26**	**5,712.19**
21	**Other expenses**		
	Rental charges	54.51	34.81
	Rates and taxes	1.80	0.12
	Insurance	-	0.18
	Travel expenses	4.37	4.44
	Office maintenance	16.36	3.73
	Capital work-in-progress written off	59.89	-
	Repairs and maintenance	46.71	-
	Vehicle running and maintenance	1.72	1.68
	Printing and stationery	0.51	0.34
	Communication expenses	0.66	0.73
	Donations	-	10.00
	Legal and professional fees	7.71	17.64
	Brokerage and commission charges	-	274.80
	Directors sitting fees	0.40	2.01
	Allowance for doubtful advances	15.00	-
	Impairment loss provision on other financial assets	2.19	-
	Payment to auditors		
	- Statutory audit fees	4.89	5.17
	Miscellaneous expenses	6.36	0.86
	Total other expenses	**223.08**	**356.52**
21.1	**Exceptional items**		
	Loss on sale of investment in subsidiary company (Refer note 24)	2,555.59	-
	Impairment loss provision on loans	315.62	-
	Impairment loss in investments	99.30	-
		2,970.51	-

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC REAL ESTATE LTD.

22 Loss per share:

	Year ended 31 March 2018	Year ended 31 March 2017
A. Net loss as per the statement of profit and loss attributable to equity shareholders (Rs. in lakhs)	(3,038.36)	(2.54)
B. Weighted average number of equity shares for earning per share computation	66,193,185	66,193,185
C. Loss per share - Basic and Diluted (in Rs.)	(4.5901)	(0.0038)

23 Contingent liabilities and commitments

(A) Contingent liabilities	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
(i) Corporate Guarantees given for		
Holding company	761,658.46	849,648.00
Subsidiary companies	229,964.68	261,090.69
(ii) Income tax assessments matters	2,743.03	2,759.76

(iii) IFCI has filed Winding Up petition against Lavasa Corporation Limited and HCC Real Estate Limited and invoked Corporate Guarantee given by HCC Real Estate Limited for the loan availed by Lavasa Corporation Limited for Rs 3,000.00 lakhs.

(iv) Bank of Baroda has filed recovery proceedings against Lavasa Corporation Limited and has invoked corporate guarantee given by the Company for Rs 1,500.00 lakhs.

(B) Commitments

i) Put option given to lenders of Lavasa Corporation Limited aggregating Rs. 52,500.00 lakhs (31 March 2017: Rs. 52,500.00 lakhs) to sell shares to the Company in the event of default (including interest and penal charges thereon).

24 The Board of directors in its meeting held on 27 March 2017 approved the proposal for merger of Pune Paud Toll Road Company Limited with HCC Infrastructure Company Limited in accordance with the provisions of section 230 to 232 of the Companies Act 2013 and rules made thereon. The application was filed with National Company Law Tribunal (NCLT) on 31 March 2017 and the same was approved by the NCLT vide its order dated 22 December 2017. The appointed date for the aforementioned scheme is 1 April 2016. Pursuant to the said scheme, the Company has received 10,000 0.1% Non cumulative preference shares of Rs. 10 each of HCC Infrastructure Company Limited in lieu of 6,049,500 equity shares held by it and recognised loss of Rs.2,555.59 lakhs as an exceptional item.

25.1 The Company, as at 31 March 2018, has a non-current investment amounting Rs. 2,363.38 lakhs (31 March 2017: Rs. 2,363.38 lakhs), non-current loans amounting Rs. 5,449.32 lakhs (31 March 2017: Rs. 5,212.40 lakhs), other non-current financial assets amounting Rs.690.63 lakhs (31 March 2017: Rs. 165.29 lakhs) in Charosa Wineries Limited (CWL). CWL have accumulated losses and its net-worth as at 31 March 2018 has been fully eroded. CWL's management has implemented certain cost savings schemes and the Company is in the process of renegotiating with the bank for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the carrying value of the non-current investments, non-current loans, other non-current financial assets.

25.2 The Company, as at 31 March 2018, has a non-current investment amounting to Rs. 52,792.69 lakhs (31 March 2017: Rs. 51,498.17 lakhs), non-current loans amounting to Rs. 18,494.64 lakhs (31 March 2017: Rs. 19,444.64 lakhs) and other non-current financial assets amounting to Rs. 6,215.24 lakhs (31 March 2017: Rs. 4,141.59 lakhs) in Lavasa Corporation Limited (LCL). While LCL's consolidated net worth has eroded as on 31 March 2018, the underlying projects in such subsidiary are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of this subsidiary does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of this subsidiary is substantially higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable.

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26 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
Pune Paud Toll Road Company Limited (upto 9 March 2018)
HCC Aviation Limited
HRL Township Developers Limited
HRL (Thane) Real Estate Limited
Nashik Township Developers Limited
Maan Township Developers Limited
Charosa Wineries Limited
Powai Real Estate Developers Limited
HCC Realty Limited
Lavasa Corporation Limited

C) Subsidiaries of Holding Company
Panchkutir Developers Limited
Highbar Technologies Limited
HCC Infrastructure Company Limited
Steiner India Limited
Western Securities Limited

D) Other related parties
Hincon Finance Limited
Rhapsody Commerical Space Limited
Vikhroli Corporate Park Private Limited
Warasgaon Asset Maintainance Limited

B. Key Management Personnel

Mr. Surendra Agarwal	Chief Finance Officer
Mr. Devendra Manchekar	Chief Executive Officer

C. Transactions with related parties during the year :

Nature of transactions	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
Transactions during the year		
Interest on inter corporate deposit		
Lavasa Corporation Limited	2,304.18	2,297.45
Charosa Wineries Limited	655.09	326.60
HCC Infrastructure Company Limited	-	101.75
Rhapsody Commercial Space Limited	133.29	133.03
HRL (Thane) Real Estate Limited	306.18	415.50
HRL Township Developers Limited	3.55	3.83
Nashik Township Developers Limited	16.79	17.44
Maan Township Developers Limited	220.37	251.21
Pune Paud Toll Road Company Limited	365.25	415.00
Panchkutir Developers Limited	-	0.60
Powai Real Estate Developers Limited	0.02	-
	4,065.32	**3,962.51**
Project management consultancy		
Lavasa Corporation Limited	-	**840.79**
Interest on lease deposit		
Hincon Finance Limited	30.81	27.15
Vikhroli Corporate Park Private Limited	-	3.19
	30.81	**30.33**
Financial guarantee income		
Lavasa Corporation Limited	539.41	509.16
Hindustan Construction Company Limited	453.00	453.65
Charosa Wineries Limited	48.62	48.38
Warasgaon Asset Maintainance Limited	173.29	172.43
	1,214.32	**1,183.61**
Income on preference shares		
Lavasa Corporation Limited	**920.36**	**860.79**
Interest expenses on inter corporate deposit		
HCC Infrastructure Company Limited	244.20	3.34
Highbar Technologies Limited	70.76	128.45
Panchkutir Developers Limited	16.46	7.67
Hindustan Construction Company Limited	5,049.31	5,112.70
	5,380.73	**5,252.16**
Other expenses incurred		
Hincon Finance Limited	30.81	31.31
Vikhroli Corporate Park Private Limited	-	3.51
Highbar Technologies Limited	-	0.47
Hindustan Construction Company Limited	23.70	-
	54.51	**35.28**
Inter corporate deposit given during period		
Charosa Wineries Limited	216.01	4,091.32
HRL Township Developers Limited	1.28	0.37
Maan Township Developers Limited	9.53	101.76
HRL (Thane) Real Estate Limited	1.73	4.05
Nashik Township Developers Limited	0.55	11.96
Lavasa Corporation Limited	55.00	775.00
Panchkutir Developers Limited	-	12.70
Powai Real Estate Developers Limited	0.26	0.37
HCC Realty Limited	-	0.35
	284.36	**4,997.88**

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

	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
Inter corporate deposit received back		
Charosa Wineries Limited	109.44	107.73
Panchkutir Developers Limited	-	46.91
HCC Realty Limited	-	0.35
Powai Real Estate Developers Limited	-	0.37
Maan Township Developers Limited	217.75	117.00
HCC Infrastructure Company Limited	-	1,990.00
Lavasa Corporation Limited	15.00	600.00
Vikhroli Corporate Park Private Limited	-	3,097.23
	342.19	**5,959.59**
Inter corporate deposit taken during period		
HCC Infrastructure Company Limited	85.00	2,100.00
Highbar Technologies Limited	51.00	125.89
Panchkutir Developers Limited	-	142.59
Hindustan Construction Company Limited	4,600.00	-
	4,736.00	**2,368.48**
Inter corporate deposit repaid		
Western Securities Limited	-	10.00
Panchkutir Developers Limited	21.95	150.00
	21.95	**160.00**
Security Deposit repaid		
Vikhroli Corporate Park Private Limited	**36.00**	-
Interest cost on Security Deposit		
Highbar Technologies Limited	**81.25**	-
Disposal of investment in current year		
Pune Paud Toll Road Company	**2,556.59**	-

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
Balances at the year end		
Loans receivable		
Charosa Wineries Limited	5,449.32	5,212.40
HRL Township Developers Limited	32.63	27.09
Maan Township Developers Limited	1,410.44	1,399.65
HRL (Thane) Real Estate Limited	3,295.01	2,928.27
Nashik Township Developers Limited	149.65	133.99
Lavasa Corporation Limited	18,484.64	18,444.64
HCC Infrastructure Company Limited	3,287.29	2,922.03
HCC Aviation Limited	1,584.24	1,584.24
Rhapsody Commercial Space Limited	1,061.42	1,064.25
Powai Real Estate Developers Limited	0.26	-
	34,754.90	**33,717.46**
Other balances receivable		
Hindustan Construction Company Limited	**36.00**	**36.00**
Capital Advances		
Lavasa Corporations Limited	**500.00**	**500.00**
Loan payables		
Hindustan Construction Company Limited	42,819.21	38,086.37
Highbar Technologies Limited	595.32	544.32
Panchkutir Developers Limited	120.65	144.39
HCC Infrastructure Company Limited	2,035.00	1,950.00
	45,570.18	**40,725.09**
Outstanding interest receivable		
Charosa Wineries Limited	690.63	165.29
HRL Township Developers Limited	0.32	0.10
Maan Township Developers Limited	2.45	2.13
HRL (Thane) Real Estate Limited	2.00	0.94
Nashik Township Developers Limited	1.85	0.15
Lavasa Corporation Limited	6,215.24	4,141.59
Panchkutir Developers Limited	1.21	1.21
HCC Infrastructure Company Limited	270.31	270.31
Rhapsody Commercial Space Limited	434.77	314.56
Powai Real Estate Developers Limited	0.02	-
	7,618.80	**4,896.28**
Other balance payables		
Lavasa Corporation Limited	10,970.45	10,970.45
Hindustan Construction Company Limited	-	2,166.22
Steiner India Limited	3.64	3.64
Highbar Technologies Limited	-	19.19
Panchkutir Developers Limited	-	5.69
	10,974.09	**13,165.20**
Corporate guarantees given and outstanding		
Hindustan Construction Company Limited	2,953.88	2,953.88
Charosa Wineries Limited	366.87	366.87
Lavasa Corporation Limited	3,078.00	3,078.00
Warasgaon Asset Maintainance Limited	3,513.67	3,513.67
	9,912.43	**9,912.43**
Security deposit given		
Hincon Finance Limited	251.25	333.69
Vikhroli Corporate Park Private Limited	-	37.42
	251.25	**371.11**
Security deposit taken		
Highbar Technologies Limited	**650.00**	**650.00**
Deemed equity investment by holding company		
Hindustan Construction Company Limited	**13,803.92**	**13,803.92**

Investments in shares of companies pledged in favour of banks :

Companies		**Numbers of Shares**
Charosa Wineries Limited	Subsidiary Company	2,100,000
Lavasa Corporation Limited	Subsidiary Company	546,842,513

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

A Defined benefit obligations - Gratuity (unfunded)

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

	Particulars	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
a)	**Changes in defined benefit obligations**		
	Present value of obligation as at the beginning of the year	10.40	8.13
	Interest cost	0.80	0.65
	Past service cost	0.63	-
	Current service cost	1.10	0.84
	Remeasurements - Net actuarial (gains)/ losses	(0.76)	0.78
	Benefits paid	-	-
		12.17	10.40
	Add: Provision for separated employees	-	-
	Present value of obligation as at the end of the year	**12.17**	**10.40**
b)	**Expenses recognised in the Statement of Profit and Loss**		
	Interest cost	0.80	0.65
	Current service cost	1.10	0.84
	Past service cost	0.63	-
	Total	**2.53**	**1.49**
c)	**Remeasurement (gains)/ losses recognised in OCI**		
	Actuarial changes arising from changes in Gain / Loss	(0.66)	0.50
	Experience adjustments	(0.11)	0.28
	Total	**(0.76)**	**0.78**
d)	**Actuarial assumptions:**		
	Discount rate	7.80% p.a.	7.70%p.a.
	Salary escalation rate - over a long-term	7.50% p.a.	7.50% p.a.
	Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate
	Average future working lifetime	10.44 years	10.90 years

The attrition rate varies from 2% to 8% (31 March 2017: 2% to 8%) for various age groups.

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

e) Quantities sensitivity analysis for significant assumption is as below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occuring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
	1% increase	
i. Discount rate	11.18	9.52
ii. Salary escalation rate - over a long-term	13.15	10.70
ii. Attrition rate	12.18	10.46
	1% decrease	
i. Discount rate	13.28	11.39
ii. Salary escalation rate - over a long-term	11.27	9.94
ii. Attrition rate	12.15	10.33

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

f)	**Maturity analysis of defined benefit obligation**		
	Within the next 12 months	0.59	0.50
	Between 2 and 5 years	2.55	2.43
	Between 6 and 10 years	23.78	9.39
	Total expected payments	**26.92**	**12.32**

B Defined contribution plans

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

(i) Contribution to provident fund	3.97	3.34
	3.97	**3.34**

C The expenses for leave entitlement and compensated absences is recognized in the same manner as gratuity and provision of Rs. 6.39 lakhs has been created as at 31 March 2018 (31 March 2017: Rs.4.94 lakhs).

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28 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 2018 :

(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
Assets					
Investments	64,738.29	0.37	-	64,738.65	64,738.65
Loans	31,948.53	-	-	31,948.53	31,948.53
Other financial assets	7,616.61	-	-	7,616.61	7,616.61
Cash and cash equivalents	8.63	-	-	8.63	8.63
Liabilities					
Borrowings	45,570.18	-	-	45,570.18	45,570.18
Other financial liabilities	13,651.46	-	-	13,651.46	13,651.46
Trade payables	11,058.40	-	-	11,058.40	11,058.40

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

(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
Assets					
Investments	66,111.48	62.13	-	66,173.61	66,173.61
Loans	30,975.47	-	-	30,975.47	30,975.47
Other financial assets	5,165.54	-	-	5,165.54	5,165.54
Cash and cash equivalents	-	-	-	-	-
Liabilities					
Borrowings	40,725.09	-	-	40,725.09	40,725.09
Other financial liabilities	13,640.49	-	-	13,640.49	13,640.49
Trade payables	11,041.91	-	-	11,041.91	11,041.91

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 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments	0.37	-	-	62.13	-	-

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29 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 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
Increase in basis points	50 basis points	50 basis points
Effect on loss before tax, increase by	232.47	227.00
Decrease in basis points	50 basis points	50 basis points
Effect on loss before tax, decrease by	232.47	227.00

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 2018 (Rs. in Lakhs)	31 March 2017 (Rs. in Lakhs)
Investments	64,738.65	66,173.61
Cash and cash equivalents and other bank balances	8.63	-
Other financial assets	7,616.61	5,165.54
Loans	31,948.54	30,975.47
Total	**104,312.43**	**102,314.62**

(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 2018 (Rs. in Lakhs)

Particulars	On demand	Contractual Cash flow			Total
		0-12 Months	1 - 5 years	More than 5 years	
Borrowings	-	19,618.85	25,951.33	-	45,570.18
Other Financials liabilities	-	6,189.94	7,461.52	-	13,651.46
Trade and other payables	-	11,058.40	-	-	11,058.40
Total	-	**36,867.19**	**33,412.85**	-	**70,280.04**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	On demand	Contractual Cash flow			Total
		0-12 Months	1 - 5 years	More than 5 years	
Borrowings	-	-	40,725.09	-	40,725.09
Other Financials liabilities	-	3,146.57	10,493.92	-	13,640.49
Trade and other payables	-	11,041.91	-	-	11,041.91
Total	-	**14,188.48**	**51,219.01**	-	**65,407.49**

30 Capital management

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

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

Particulars	As at 31 March 2018 Rs. in lakhs	As at 31 March 2017 Rs. in lakhs
Total debts (non current and current)	47,811.81	42,966.82
Total equity	48,331.84	51,369.44
Total debt to equity ratio (Gearing ratio) (in times)	**0.50**	**0.46**

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HCC REAL ESTATE LTD

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

There are no micro and small enterprises to whom the Company owes dues and which are outstanding as at 31 March 2018. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act (MSMED) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no interest paid or payable during the year.

32 Operating Lease

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

Particluars	31 March 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
A. Future lease rental payments		
- Not later than one year	22.26	238.65
- Later than one year and not later than five years	73.26	946.84
- Later than five years	-	-
B. Lease payment recognised during the year	54.51	34.81

C. General description of the leasing arrangement

i) Leased Assets: lease of Office Premises

ii) Future lease rental payments are determined on the basis of lease payable as per the arrangement with the lessor.

33 Summary of Borrowing arrangements

In respect of term loan taken from a bank, the Company has defaulted in repayment of principal and interest there on as under:

Principal repayment

Days	Rs. in lakhs
914	750.00
1006	750.00
1097	375.00
1187	366.73

Default in repayment of principal amount during the year :

Particulars	0-30 days	31-90 days	91-181 days	182-365 days	>365 days
Jammu and Kashmir Bank Limited	-	-	-	-	2,241.73

Default in payment of interest amount during the year :

Particulars	0-30 days	31-90 days	91-181 days	182-365 days	>365 days
Jammu and Kashmir Bank Limited	37.47	71.38	106.52	200.80	

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

Particulars	0-30 days	31-90 days	91-181 days	182-365 days	>365 days
Jammu and Kashmir Bank Limited	-	-	-	-	2,241.73

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

Particulars	0-30 days	31-90 days	91-181 days	182-365 days	>365 days
Jammu and Kashmir Bank Limited	37.47	71.38	106.52	200.80	864.32

34 This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2018

Particulars	31 March 2018
Cash and Cash Equivalents	(8.63)
Liquid Investments	-
Current Borrowings	25,791.29
Non-Current Borrowings	25,951.33
Net Debt	**51,733.99**

Particulars	Other Assets		Liabilities from Financing Activities		Total
	Cash and Bank Overdraft	Liquid Investments	Non-Current Borrowings	Current Borrowings	
Net Debt as at 31 March 2017	-	-	40,725.09	5,277.96	46,003.05
Cash Flows	(8.63)	-	(14,773.76)	19,618.85	4,836.46
Interest Expense	-	-	-	5,878.15	5,878.15
Interest paid	-	-	-	(4,983.67)	(4,983.67)
Net Debt as at 31 March 2018	**(8.63)**	**-**	**25,951.33**	**25,791.29**	**51,733.99**

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HCC REAL ESTATE LTD.

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

36 The Company incurred a net loss of Rs. 3,038.38 lakhs during the year ended 31 March 2018 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 6,022.41 lakhs. The Company has also defaulted in repayment of borrowings from the lenders. The Company has committed to several of its subsidiary companies to support them financially in order to help them meet the liabilities falling due over the next twelve months. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. However, the Company is in the process of reassessing its business plans including monetizing land and buildings to be built thereon held as inventory as at 31 March 2018 at value in excess of its carrying value. The management is confident that the business plans will be achieved and hence, the above financial statements have been prepared on a "Going Concern" basis.

37 **Recent accounting update**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. The new revenue standard is applicable to the Company from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements

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

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

Rakesh R. Agarwal
Partner
Membership No: 109632

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 2 May 2018

For and on behalf of Board of Directors

Avinash Hande
Director
DIN No: 06981622

Shripad Gaitonde
Director
DIN No: 06981627

Surendra Agarwal
Chief Finance Officer

Devendra Manchekar
Chief Executive Officer

Smita Kelkar
Company Secretary

Place: Mumbai
Date: 2 May 2018

HCC REAL ESTATE LTD.