

Financial Statements and Independent Auditors' report

Magma Realty Private Limited

31 March 2020

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
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Independent Auditor's Report

To the Members of Magma Realty Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Magma Realty Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

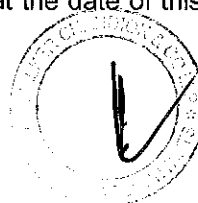
Information other than the Financial Statements and Auditor's Report thereon

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

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

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

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



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Independent Auditor's Report of even date to the members of Magma Realty Private Limited on the financial statements for the year ended 31 March 2020 (cont'd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our



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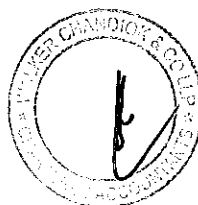
Independent Auditor's Report of even date to the members of Magma Realty Private Limited on the financial statements for the year ended 31 March 2020 (cont'd)

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
12. 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.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 June 2020 as per Annexure B expressed an unmodified opinion;
 - g) 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 does not have any pending litigation which would impact its financial position as at 31 March 2020;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

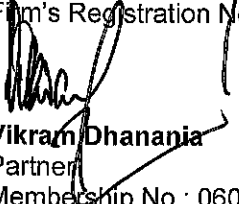


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Independent Auditor's Report of even date to the members of Magma Realty Private Limited on the financial statements for the year ended 31 March 2020 (cont'd)

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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


Vikram Dhanania
Partner
Membership No.: 060568
UDIN: 20060568AAAAAH6249

Place: Kolkata
Date: 12 June 2020



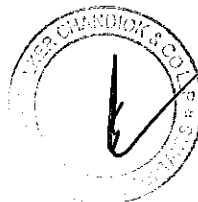
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Annexure A to the Independent Auditor's Report of even date to the members of Magma Realty Private Limited, on the financial statements for the year ended 31 March 2020

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) The Company does not have any property, plant and equipment. Accordingly, the provisions of clause 3(i) 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 granted unsecured loans to company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
 - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular
 - (c) there is no overdue amount in respect of loans granted to such Company.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of loans given. In our opinion, the Company has not entered into any transaction covered under Section 185 of the Act in respect of loans given. Further, in our opinion, the Company has not entered into any transaction covered under Section 186 of the Act in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under section 185 and 186 of the Act with respect to 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.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

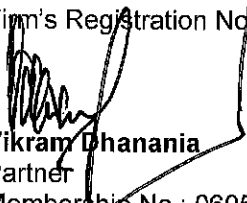


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Annexure A to the Independent Auditor's Report of even date to the members of Magma Realty Private Limited, on the financial statements for the year ended 31 March 2020 (cont'd)

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding 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 Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company did not make 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 Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Vikram Phanania
Partner
Membership No.: 060568
UDIN: 20060568AAAAAH6249

Place: Kolkata
Date: 12 June 2020



Annexure B to the Independent Auditor's Report of even date to the members of Magma Realty Private Limited on the financial statements for the year ended 31 March 2020

Annexure B

Independent Auditor's Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Magma Realty Private Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

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

3. Our responsibility is to express an opinion on the Company's internal Financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements



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Annexure B to the Independent Auditor's Report of even date to the members of Magma Realty Private Limited on the financial statements for the year ended 31 March 2020 (cont'd)

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

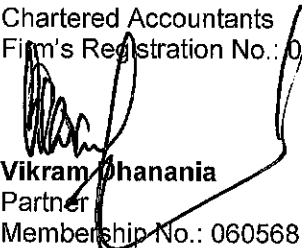
Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI .

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


Vikram Dhanania
Partner
Membership No.: 060568
UDIN: 20060568AAAAAH6249

Place: Kolkata
Date: 12 June 2020



Magma Realty Private Limited
Balance Sheet as at 31 March 2020

(All amount in ₹ lacs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current assets			
(a) Inventories	3	1,003.55	1,003.55
(b) Financial assets			
(i) Cash and cash equivalents	4	274.89	261.54
(ii) Other financial assets	5	0.02	1.08
(c) Current tax assets (net)	16	-	1.25
(d) Other current assets	6	1.33	1.30
Total current assets		1,279.79	1,268.72
Total Assets		1,279.79	1,268.72
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	7	1,210.00	1,210.00
(b) Other equity	8	67.83	58.14
Total equity		1,277.83	1,268.14
LIABILITIES			
Non-current liabilities			
(a) Provisions	9	-	0.03
Total non-current liabilities		-	0.03
Current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	10	0.50	0.50
(b) Other current liabilities	11	0.05	0.05
(c) Current tax liabilities (net)	16	1.41	-
Total current liabilities		1.96	0.55
Total Equity and Liabilities		1,279.79	1,268.72

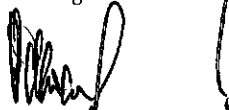
The accompanying notes 1 to 23 form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013


Vikram Chhanania
 Partner
 Membership No. 060568

Place: Kolkata

Date: 12 June 2020



For and on behalf of the Board of Directors

Magma Realty Private Limited




Yogesh Bangur

Director

(DIN: 02018075)

Place: Kolkata

Date: 12 June 2020



Ashwini Kumar Singh

Director

(DIN: 00012256)

Magma Realty Private Limited

Statement of Profit and Loss for the year ended 31 March 2020

(All amount in ₹ lacs, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
INCOME			
(a) Revenue from operations		-	-
(b) Other income	12	22.38	22.66
Total income		22.38	22.66
EXPENSES			
(a) Employee benefits expenses	13	1.18	1.70
(b) Finance costs	14	-	0.01
(c) Other expenses	15	6.45	6.98
Total expenses		7.63	8.69
Profit before tax		14.75	13.97
Tax expense	16		
(a) Current tax		3.40	2.00
(b) Deferred tax		-	-
(c) Tax relating to earlier years		1.69	(0.48)
		5.09	1.52
Profit after tax		9.66	12.45
Other comprehensive income:			
(a) Items that will not be reclassified to profit or loss		0.03	-
(b) Items that will be reclassified to profit or loss		-	-
Total other comprehensive income		0.03	-
Total comprehensive income for the year		9.69	12.45
Earnings per equity share			
(a) Basic (₹)	17	9.66	12.45
(b) Diluted (₹)		0.08	0.10

The accompanying notes 1 to 23 form an integral part of these financial statements

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

For Walker Chandniok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

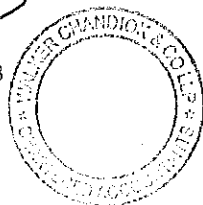
Vikram Dhanania

Partner

Membership No. 060568

Place: Kolkata

Date: 12 June 2020



For and on behalf of the Board of Directors

Magma Realty Private Limited

Yogesh Bangur

Director

(DIN: 02018075)

Place: Kolkata

Date: 12 June 2020

Ashwini Kumar Singh

Director

(DIN: 00012256)

Magma Realty Private Limited

Statement of Cash Flows for the year ended 31 March 2020

(All amount in ₹ lacs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flow from operating activities:		
Profit before tax	14.75	13.97
Adjustment for:		
Interest income on fixed deposit	(0.23)	(0.06)
Interest income on financial assets carried at amortised costs	(19.93)	(22.54)
Net gain on sale of investments carried at fair value through profit or loss	(2.22)	(0.01)
Finance cost	-	0.01
Operating loss before working capital changes	(7.63)	(8.63)
Adjustment for:		
Increase in other financial assets	-	(1.08)
Increase in other assets	(0.03)	-
Decrease in other financial liabilities	-	(0.15)
Increase in provisions	-	0.02
Decrease in other liabilities	-	(0.14)
Cash (used in) operating activities	(7.66)	(9.98)
Income tax paid (net of refunds issued)	(1.41)	(2.74)
Net cash (used in) operating activities	(9.07)	(12.72)
	(A)	
B. Cash flow from investing activities		
Sale of investments	252.22	0.08
Purchase of investments	(250.00)	-
Interest received	20.20	22.55
Loans given	(260.00)	-
Loans given repaid	260.00	245.00
Net cash generated from investing activities	22.42	267.63
	(B)	
C. Cash flow from financing activities		
	(C)	
Net increase in cash and cash equivalents	13.35	254.91
Cash and cash equivalents as at the beginning of the year	261.54	6.63
Cash and cash equivalents as at the end of the year	274.89	261.54

Notes:

(i) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

(ii) Cash and cash equivalents comprises of:

Cash on hand	0.43	0.52
Balances with banks		
- In current accounts	49.46	11.02
Bank deposits with original maturity upto 3 months	225.00	250.00
	274.89	261.54

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

For Walker Chandniok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

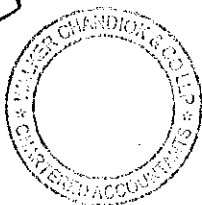
Vikram Banania

Partner

Membership No. 060568

Place: Kolkata

Date: 12 June 2020



For and on behalf of the Board of Directors

Magma Realty Private Limited

Yogesh Bangur

Director

(DIN: 02018075)

Place: Kolkata

Date: 12 June 2020

Ashwini Kumar Singh

Director

(DIN: 00012256)

Magma Realty Private Limited

Statement of Changes in Equity for the year ended 31 March 2020

(All amount in ₹ lacs, unless otherwise stated)

A. Equity share capital

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting period	10.00	10.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	10.00	10.00
Balance at the beginning of the reporting period	1,200.00	1,200.00
Changes in preference share capital during the year	-	-
Balance at the end of the reporting period	1,200.00	1,200.00
Total balance as at the end of the reporting period	1,210.00	1,210.00

B. Other equity

Particulars	Reserves and surplus - Retained Earnings	Total
Balance as at 01 April 2018	45.69	45.69
Profit for the year	12.45	12.45
Balance as at 31 March 2019	58.14	58.14
Profit for the year	9.66	9.66
Remeasurement benefit of defined benefit plans	0.03	0.03
Balance as at 31 March 2020	67.83	67.83

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

For Walker Chandniok & Co LLP

Chartered Accountants

Firm Registration No. 001070N/N500013

Vikram Jhanania

Partner

Membership No. 060568

Place: Kolkata

Date: 12 June 2020



For and on behalf of the Board of Directors

Magma Realty Private Limited

Yogesh Bangur

Director

(DIN: 02018075)

Place: Kolkata

Date: 12 June 2020

Ashwini Kumar Singh

Director

(DIN: 00012256)

Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

1 (a) Corporate Information

Magma Realty Private Limited ("the Company") is a private limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The Company is a subsidiary of Kiran Vyapar Limited and is engaged in the business of trading in properties and making investments.

(b) Basis of preparation of financial statements

General information and statement of compliance with Indian Accounting Standards

These financial statements have been prepared in accordance with Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) (Ind AS).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

Current/Non-current classification

The Company presents all its assets and liabilities in the balance sheet based on current or non-current classification. Assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
 - ii. the asset is intended for sale or consumption;
 - iii. the asset/liability is held primarily for the purpose of trading;
 - iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
 - v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting
 - vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the
- All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash

(c) Presentation of financial statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business.
- The event of default.
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as 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.

Fair value of financial instruments

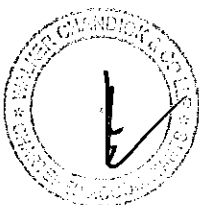
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business. When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

(e) Application of new accounting pronouncements

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



Magma Realty Private Limited

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

(All amount in: ₹ lacs, unless otherwise stated)

2 Significant accounting policies

2.01 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the

Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

2.02 Financial instruments

Point of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as per the principles of the Ind AS. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts mentioned below:

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Subsequent measurement of financial liabilities

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

Subsequent measurement of financial assets

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset; and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- (a) Financial assets measured at amortized cost
- (b) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- (c) Financial assets measured at fair value through profit or loss (FVTPL)

(a) Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- (i) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows; and
- (ii) 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.

This category applies to cash and cash equivalents, other bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss. The amortized cost of a financial asset is also adjusted for loss allowance, if any.

(b) Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- (i) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial
- (ii) 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

This category applies to certain investments in debt and equity instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of profit and loss under 'Other Comprehensive Income (OCI)'. However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss. On de-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to the Statement of Profit and Loss, except for instruments which the Company has irrevocably elected to be classified as equity through OCI at initial recognition, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and they are not held for trading. The Company has made such election on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Financial assets or financial liabilities held for trading:

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes.

Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

De-recognition:

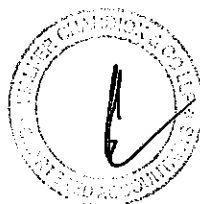
(a) Financial asset:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's balance sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset. A regular way purchase or sale of financial assets has been derecognised, as applicable, using trade date accounting.
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On de-recognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

(b) Financial liability:

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets:

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

ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets:

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Offsetting of 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.

2.03 Fair Value

The Company measures its financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 (unadjusted) - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2 - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- Level 3 - Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

2.04 Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company has not recognised a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- the parent, investor, joint venture or joint operator is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

2.05 Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of 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 recognized as a finance cost. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

2.06 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

2.07 Employee Benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

Post-employment benefits

(i) Defined benefits plans

Gratuity scheme:

Gratuity is a post employment benefit and is a defined benefit plan. The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if any. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

Recognition and measurement of defined benefit plans

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

(iii) Other long-term employee benefits:

Entitlements to compensated absences are recognized as and when they accrue to employees and they are considered to be long-term, since the un-availed leaves can be carried forward in future. The Company determines the liability for such accumulated leaves using the projected unit method with actuarial valuations being carried out at each Balance Sheet date.

The measurement of these benefits has been done using a simplified approach as prescribed under the standards, hence all remeasurements are recognised in the Statement of Profit and Loss and not in other comprehensive income.

2.08 Lease accounting

The Company has adopted Ind AS 116 - Leases w.e.f. 1 April 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application i.e., 1 April 2019. Accordingly, previous period information has not been

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

Recognition and initial measurement

At lease commencement date, the Company recognises a right-of-use asset (ROU) and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

Presentation

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.09 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

2.10 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of real estate. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

2.11 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

2.12 Impairment of non-financial assets

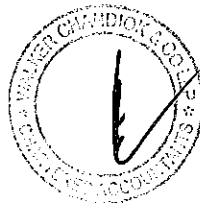
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.13 Earnings per equity share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders 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 that have changed the number of outstanding equity shares, without a corresponding change in the resources. For the purpose of calculating diluted earnings per share, net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. As on the balance sheet date, the Company has no dilutive potential equity shares.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
3 Inventories <i>(At lower of cost and net realisable value)</i>		
Property for sale	1,003.55	1,003.55
	<u>1,003.55</u>	<u>1,003.55</u>
4 Cash and cash equivalents		
Balances with banks		
- Current accounts	49.46	11.02
- Deposits with original maturity upto 3 months	225.00	250.00
Cash on hand	0.43	0.52
	<u>274.89</u>	<u>261.54</u>
5 Other financial assets <i>(Unsecured, considered good)</i>		
Interest accrued on deposits	0.02	0.06
Income tax refundable	-	1.02
	<u>0.02</u>	<u>1.08</u>
6 Other current assets <i>(Unsecured, considered good)</i>		
Prepaid expenses	1.33	1.30
	<u>1.33</u>	<u>1.30</u>

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Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
7 Equity share capital				
Authorized share capital				
Equity shares of ₹ 10 each	1,000,000	100.00	1,000,000	100.00
Preference shares of ₹ 100 each	1,200,000	1,200.00	1,200,000	1,200.00
		<u>1,300.00</u>		<u>1,300.00</u>
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	100,000	10.00	100,000	10.00
Non Cumulative Participating Compulsorily Convertible Preference Shares of ₹ 100 each	1,200,000	1,200.00	1,200,000	1,200.00
		<u>1,210.00</u>		<u>1,210.00</u>

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

	Number	Amount	Number	Amount
Equity Shares				
Balance at the beginning of the year	100,000	10.00	100,000	10.00
Add: Issued during the year	-	-	-	-
Balance at the end of the year	<u>100,000</u>	<u>10.00</u>	<u>100,000</u>	<u>10.00</u>
Preference Shares				
Balance at the beginning of the year	1,200,000	1,200.00	1,200,000	1,200.00
Add: Issued during the year	-	-	-	-
Balance at the end of the year	<u>1,200,000</u>	<u>1,200.00</u>	<u>1,200,000</u>	<u>1,200.00</u>

(b) No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(c) Details of shareholders holding more than 5% of the aggregate shares in the Company:

Name of the shareholders	As at 31 March 2020		As at 31 March 2019	
	Number	%	Number	%
Equity shares of ₹ 10 each				
Mr. Shrencyash Bangur	50,000	50%	50,000	50%
Mr. Yogesh Bangur	49,998	50%	49,998	50%
	<u>99,998</u>	<u>100%</u>	<u>99,998</u>	<u>100%</u>
Preference shares of ₹ 100 each				
Kiran Vyapar Limited (Holding Company)	1,200,000	100%	1,200,000	100%
	<u>1,200,000</u>	<u>100%</u>	<u>1,200,000</u>	<u>100%</u>

(d) Terms/ rights attached to equity shares

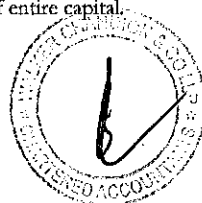
Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share and confer similar right as to dividend and voting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares

The Company has issued only one class of Non-cumulative Participating Compulsorily Convertible Preference shares of face value of ₹ 100 per share. The preference share carries a preferential right to receive a dividend of 8% in case of payments of dividend to equity share holders and shall stand increase to the rate of dividend paid to equity share holder subject to a maximum of 12%. The preferential shares shall be compulsorily convertible at par within 20 years from the date of allotment being 14 November 2013 or earlier on such date as may be fixed by the Board of Directors.

The Preference shares shall have, on winding up, a preferential right to the repayment of capital paid up there on in preference to the equity share, but shall not have any such right to participate in the surplus, if remaining, after payment of entire capital.



Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
8 Other equity		
(a) Other reserves		
Retained earnings	67.83	58.14
	<u>67.83</u>	<u>58.14</u>
Nature and purpose of reserves:		
Retained earnings		
Retained earnings are the profits that the Company has earned till date, less any transfer to general reserves, dividends and other distributions made to the		
9 Provisions		
Non-current		
Provision for employee benefits		
- Gratuity (refer note 13)	-	0.03
	<u>-</u>	<u>0.03</u>
10 Other financial liabilities		
Current		
Liabilities for expenses	0.50	0.50
	<u>0.50</u>	<u>0.50</u>
11 Other current liabilities		
Statutory dues	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

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Magma Realty Private Limited

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

(All amount in ₹ lacs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
12 Other income		
Interest income:		
- On bank deposits	0.23	0.06
- On financial assets carried at amortised costs	19.93	22.54
- Others	-	0.05
Gain on sale of investments carried at fair value through profit or loss	2.22	0.01
	<u>22.38</u>	<u>22.66</u>
13 Employee benefit expenses		
Salaries & Wages	1.18	1.70
	<u>1.18</u>	<u>1.70</u>

(a) Defined benefits plans - Gratuity (unfunded)

Gratuity plan is a defined benefit plan that provides for lump sum gratuity payment to employees made at the time of their exit by the way of retirement (on superannuation or otherwise), death or disability. The benefits are defined on the basis of their final salary and period of service and such benefits paid under the plan is not subject to the ceiling limit specified in the Payment of Gratuity Act, 1972. Liability as on the Balance Sheet date is provided based on actuarial valuation done by a certified actuary using projected unit credit method.

Aforesaid defined benefit plans typically expose the Company to actuarial risk such as pay as you go risk, salary risk, investment risk and longevity risk.

Pay as you go risk	For unfunded schemes, financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.
Salary risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.
Investment risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Longevity risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality plan of the participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

The following tables summarise the components of defined benefit expense recognised in the statement of profit or loss/OCI and amounts recognised in the Balance Sheet for the respective plans:

	Year ended 31 March 2020	Year ended 31 March 2019
(i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	0.03	0.01
Current service cost	-	0.02
Interest cost	-	-
Actuarial (gain)/loss arising from assumption changes	-	-
Actuarial (gain)/loss arising from experience adjustments	(0.03)	-
Projected benefit obligation at the end of the year	<u>-</u>	<u>0.03</u>
(ii) Components of net cost charged to the Statement of Profit and Loss		
Employee benefits expense:		
- Current service costs	-	0.02
- Defined benefit costs recognized Statement of Profit and Loss	-	-
Finance costs		
- Interest costs	-	-
- Interest income	-	-
Net impact on profit before tax	<u>-</u>	<u>0.02</u>

