

**INDEPENDENT AUDITOR'S REPORT****To the Members of Naiknavare Buildcon Private Limited****Report on the Audit of the Financial Statements****Qualified Opinion**

We have audited the financial statements of Naiknavare Buildcon Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss for the period from January 7, 2019 to March 31, 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss for the period ended on that date.

**Basis for Qualified Opinion**

1. We were appointed as auditors of the Company on July 05, 2019 and thus unable to observe the counting of physical inventories at end of the period. Further, we were unable to obtain comfort through other auditing procedures with respect to inventory amounting to Rs. 86,341,014 (excluding land cost) held at March 31, 2019. Consequentially, we are unable to comment on the adjustments, if any, arising from such physical verification.
2. The Company has accounted for materials and consumables purchased for construction as consumed and has included the same in Construction Work in Progress which is not in accordance with Accounting standard 7 'Construction Contracts' wherein the Company is required to identify and ascertain the value of un-utilized inventory of materials and consumables as at March 31, 2019 and disclose it accordingly. We are unable to ascertain whether adjustments, if any, are required in respect of Construction Work in Progress held at March 31, 2019, amounting to Rs. 87,630,213 (excluding land cost), and its impact thereon on the losses stated in the Financial Statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



# MSKA

## & Associates

Chartered Accountants

### **Information Other than the Financial Statements and Auditor's Report Thereon**

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

As described in the *Basis for Qualified Opinion* section above, the consequential impact of non-attending/ non observing physical verification of inventory held by the Company as at March 31, 2019 and its valuation is not ascertainable at present. Also, as construction materials and consumables purchased for construction are treated as consumed and included in Construction Work in Progress, the valuation of inventory, construction work in progress and inventory consumed is not ascertainable. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### **Responsibilities of Management and Those Charged with Governance for Financial Statements**

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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.



### Report on Other Legal and Regulatory Requirements

1. This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
2. As required by Section 143(3) of the Act, we report 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 purposes of our audit, except in respect of matter described in Basis for Qualified Opinion.
  - b. Except for the effects of the matter described in Basis for Qualified Opinion section above, 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 Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - d. Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. The Company is a Small Company as defined under section 2(85) of the Act and accordingly, reporting under section 143(3)(i) of the Act with respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls is not applicable to the Company.

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- 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, 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 litigations which would impact its financial position.
  - ii. The Company does not have any material foreseeable losses, in respect of its long term contracts
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W



**Anup Mundhra**  
Partner  
Membership No. 061083  
UDIN: 19061083AAAABL5235



Place: Pune  
Date: September 30, 2019

# MSKA

& Associates

Chartered Accountants

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF NAIKNAVARE BUILDCON PRIVATE LIMITED

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

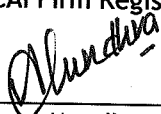
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

For MSKA & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W

  
Anup Mundhra  
Partner  
Membership No. 061083  
UDIN: 19061083AAAABL5235



Place: Pune  
Date: September 30, 2019

Naiknavare Buildcon Private Limited  
 Balance Sheet as at March 31, 2019  
 (All amount in Indian Rupees, unless otherwise stated)

	Notes	As at March 31, 2019
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	3	100,000
Reserves and surplus	4	(13,652,235)
		<u>(13,552,235)</u>
<b>Non current liabilities</b>		
Long-term borrowings	5	500,000,000
Other long-term liabilities	6	518,034
		<u>500,518,034</u>
<b>Current liabilities</b>		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	7	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	7	108,678,326
Other current liabilities	8	106,949,533
		<u>215,627,859</u>
<b>Total</b>		<u><u>702,593,658</u></u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	9	1,086,374
		<u>1,086,374</u>
<b>Current assets</b>		
Inventories	10	299,332,396
Cash and bank balances	11	91,353,221
Short-term loans and advances	12	310,821,667
		<u>701,507,284</u>
<b>Total</b>		<u><u>702,593,658</u></u>

The accompanying notes from 1 to 26 are an integral part of the Financial Statements.

As per our report of even dated  
 For MSKA & Associates  
 Chartered Accountants  
 ICAI Firm registration No.: 105047W

*Anup Mundhra*  
 Anup Mundhra  
 Partner  
 Membership no.: 061083



Place: Pune  
 Date: September 30, 2019

For and on behalf of the Board of Directors  
 Naiknavare Buildcon Private Limited  
 CIN: U45201PN2019PTC181200

*Hemant Naiknavare*      *Ranjit Naiknavare*  
 Hemant Naiknavare      Ranjit Naiknavare  
 Director      Director  
 Din: 00763802      Din: 00151409

Place : Pune  
 Date: September 30, 2019

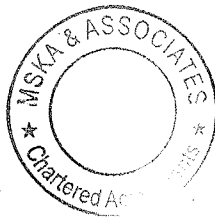
Naiknavare Buildcon Private Limited  
Statement of Profit and Loss for the period from January 7, 2019 to March 31, 2019  
(All amount in Indian Rupees, unless otherwise stated)

	Notes	Period from January 07, 2019 to March 31, 2019
<b>Income</b>		
Revenue from operations		-
Other income		-
<b>Total Income</b>		<b>-</b>
<b>Expenses</b>		
Cost of Material consumed	13	299,332,396
Changes in inventories of work-in-progress	14	(299,332,396)
Finance costs	15	3,305,498
Amortisation expenses	16	7,191
Other expenses	17	10,339,546
<b>Total expenses</b>		<b>13,652,235</b>
<b>Loss before tax</b>		<b>(13,652,235)</b>
<b>Tax (expense)/ income</b>	19	-
<b>Loss for the year</b>		<b>(13,652,234.51)</b>
<b>Earnings/(Loss) per share</b>		
Basic and diluted (face value of Rs. 10 each)	18	(1,365.22)

The accompanying notes from 1 to 26 are an integral part of the Financial Statements.


As per our report of even dated  
For MSKA & Associates  
Chartered Accountants  
ICAI Firm registration No.: 105047W

  
Anup Mundhra  
Partner  
Membership no.: 061083



For and on behalf of the Board of Directors  
Naiknavare Buildcon Private Limited  
CIN: U45201PN2019PTC181200

  
Hemant Naiknavare  
Director  
Din:-00763802

  
Ranjit Naiknavare  
Director  
Din:-00151409

Place: Pune  
Date: September 30, 2019

Place : Pune  
Date: September 30, 2019

**Naiknavare Buildcon Private Limited**  
**Cash Flow Statement for the year ended March 31, 2019**  
 (All amount in Indian Rupees, unless otherwise stated)

	Period from January 07, 2019 to March 31, 2019
Cash Flow from Operating activities	(13,652,235)
(Loss) before tax	
Adjustments for:	457,717
Interest expense	1,030,500
Processing fee	7,191
Amorisation expenses	(12,156,827)
Operating Profit before working capital changes	
Changes in working capital	(14,098,765)
Increase / (decrease) in trade payables	11,197,547
Increase / (decrease) in other current liabilities	(418,345)
Decrease / (increase) in inventories	(85,238,058)
Decrease / (Increase) in loans and advances	
	(100,714,448)
Cash generated from / (used in) operations	
Income tax (paid) / received	(100,714,448)
<b>Net cash flows (used in) operating activities (A)</b>	<b>(100,714,448)</b>
Cash flow from Investing activities	(90,996,102)
Payment against purchase of business projects (Refer Note 22)	(217,128,333)
Advance paid against purchase of business project (Refer Note 23)	
	(308,124,435)
<b>Net cash flow (used in) investing activities (B)</b>	<b>(308,124,435)</b>
Cash flow from Financing activities	100,000
Proceeds from issue of share capital	500,000,000
Proceeds from issue of debentures	(1,030,500)
Payment of loan processing fee	
	499,069,500
<b>Net cash flow from financing activities (C)</b>	<b>499,069,500</b>
Net increase in cash and cash equivalents (A+B+C)	90,230,617
Cash and cash equivalents at the beginning of the year	1,122,603
Cash and cash equivalents acquired through business purchase	91,353,221
Cash and cash equivalents at the end of the year	91,353,221
Cash and cash equivalents comprise	
Balances with banks	91,353,221
On current accounts	91,353,221
Total cash and bank balances at end of the year	91,353,221

**Notes :**

The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3, "Cash Flow Statement" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

As per our report of even dated  
 For MSKA & Associates  
 Chartered Accountants  
 ICAI Firm registration No.: 105047W

*Anup Mundhra*  
 Anup Mundhra  
 Partner  
 Membership no.: 051083



For and on behalf of the Board of Directors  
 Naiknavare Buildcon Private Limited  
 CIN: U45201PN2019PTC181200

*Hemant Naiknavare*  
 Hemant Naiknavare  
 Director  
 Din:-00763802

*Ranjit Naiknavare*  
 Ranjit Naiknavare  
 Director  
 Din:-00151409

Place: Pune  
 Date: September 30, 2019

Place: Pune  
 Date: September 30, 2019



**Naiknavare Buildcon Private Limited**

**Notes forming part of financial statements for the year ended March 31, 2019**

**Significant Accounting Policies and Notes to accounts**

**1 Corporate Information**

Naiknavare Profile Constructions Private Limited (the "Company") is a private limited company domiciled in India. It was incorporated on January 07, 2019. Its registered and principal office of business is located at CTS-1204-4, F P NO 568, GHOLE ROAD, Pune, Maharashtra 411004. The Company is primarily engaged in the business of Real Estate Development Projects.

**2 Summary of significant accounting policies**

**a. Basis of Preparation**

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The accounting policies adopted in the preparation of financial statements 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 until now (hitherto) in use with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the 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.

The Company is classified as a "Small Company" as defined under Section 2(85) of the Act and hence Cash Flow Statement has not been prepared as part of the financial statements.

**b. Use of estimates**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**c. Revenue recognition**

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue from sale of properties is recognized in Statement of Profit & Loss in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company on transfer of significant risk and rewards to the buyer. Up to 31st March, 2012 revenue was recognized only if the actual project cost incurred is 25% or more of the total estimated project cost.

Effective 1st April, 2012, in accordance with the "Guidance Note on Accounting for Real Estate Transactions (Revised 2012)" (Guidance Note), all projects commencing on or after the said date or projects which have already commenced, but where the revenue is recognized for the first time on or after the above date, construction revenue on such projects have been recognized on percentage of completion method provided the following thresholds have been met:

- (a) All critical approvals necessary for the commencement have been obtained;
- (b) The expenditure incurred on construction and development costs is not less than 25 per cent of the total estimated construction and development costs;
- (c) At least 25 percent of the saleable project area is secured by contracts or agreements with buyers; and
- (d) At least 10 percent of the agreement value is realized at the reporting date in respect of such contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognized in the financial statements for the period in which such changes are determined. Revenue from projects is recognized net of revenue attributable to the land owners. Losses, if any, are fully provided for immediately.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable Interest rate.



**Naiknavare Buildcon Private Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019**  
**Significant Accounting Policies and Notes to accounts**

**d. Intangibles - Goodwill**

The difference between purchase consideration and net assets taken over, in case of amalgamation accounted under "Purchase Method" is recognised as 'Goodwill' in the books, which will be amortized over a period of 5 years from the date of recognition.

**e. Inventories**

Raw materials are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

**Construction work-in-progress**

Direct expenditure relating to construction activity is inventorised. Other expenditure during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received. Borrowing cost relating to the construction project are capitalised as construction work in progress. Work-in-progress represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognized. Work-in-progress is valued at lower of cost and Net Realizable Value (NRV). NRV in respect of inventories under construction is assessed with reference to market prices (reference to the recent selling prices) at the reporting date less estimated costs to complete the construction, and estimated cost necessary to make the sale. The costs to complete the construction are estimated by management.

**f. Borrowing cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset (including construction work in progress) that takes a substantial period of time to get ready for its intended use are capitalized. All other borrowing costs are recognised as expenditure in the period in which they are incurred.

**g. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

**h. Income taxes**

Tax expense for the period comprises of current tax, deferred tax and Minimum alternate tax credit. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the reporting date.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

At each reporting date, the Company reassesses the unrecognized deferred tax assets, if any.



**Naiknavare Buildcon Private Limited**

**Notes forming part of financial statements for the year ended March 31, 2019**

**Significant Accounting Policies and Notes to accounts**

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**i. Contingent Liability, Provisions and Contingent Asset**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the financial statements.

**j. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



**Naiknavare Buildcon Private Limited**

**Notes forming part of financial statements for the year ended March 31, 2019**

(All amount in Indian Rupees, unless otherwise stated)

**3 Share capital**

The Company has only one class of equity share capital having a par value of Rs.10 per share, referred to herein as equity shares.

	As at	
	March 31, 2019	
	Number	Amount
<b>Authorised</b>		
Equity shares of Rs. 10 each	10,000	100,000
<b>Total</b>	<b>10,000</b>	<b>100,000</b>
<b>Issued, subscribed and fully paid up</b>		
Equity shares of Rs. 10 each fully paid.	100,000	100,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.**

	As at	
	March 31, 2019	
	Number	Amount
Outstanding at the beginning of the reporting period	-	-
Add: Issued during the year	10,000	100,000
<b>Outstanding at the end of the reporting period</b>	<b>10,000</b>	<b>100,000</b>

**(ii) Shareholders holding more than 5% of the shares**

	Number	% of holding
Equity shares of Rs. 10 each		
Gauri H Naiknavare	2,500	25%
Hemant Naiknavare	2,500	25%
Ranjit Naiknavare	2,500	25%
Dattaji Naiknavare	2,500	25%

**(iii) Rights, preferences and restrictions attached to shares**

The company has only one class of equity shares having par value of Rs. 10/- per share. Each shareholder is entitled to one vote per share held. The company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**4 Reserves and surplus**

	As at	
	March 31, 2019	
<b>Deficit in the Statement of Profit and Loss</b>		
Balance at the beginning of the year		-
Add : Net loss/Profit for the year		(13,652,235)
<b>Balance at the end of the year</b>		<b>(13,652,235)</b>
<b>Total</b>		<b>(13,652,235)</b>



**Naiknavare Constructions Private Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019**  
 (All amount in Indian Rupees, unless otherwise stated)

**5 Long-term borrowings**

**As at  
 March 31, 2019**

<b>Secured</b>	
18% Non Convertible debentures	500,000,000
	<u>500,000,000</u>

**Terms of repayment**

The debentures are redeemable at par at the end of four years from the date of allotment, viz., March 29, 2019 and carry a coupon rate of 18% p.a. The company has an option to redeem these debentures earlier after completion of 24 months from the date of allotment.

**Details of guarantee for borrowing (for total amount of loan sanctioned, Rs. 75 Crore)**

Guaranteed by  
 Mr. Ranjit Naiknavare  
 Mr. Hemant Naiknavare  
 Naiknavare Developers Private Limited

**Nature of security**

- (a) a first and exclusive mortgage by way of registered mortgage over the Mortgaged Properties.
- (b) a first and exclusive hypothecation and charge over all receivables, present or future of the Company including from the mortgaged properties.
- (c) Deeds of Guarantee from the Obligors, Guaranteeing the payment of the Guaranteed Default return.
- (d) Pledge over entire share holding and other economic interests of promoters in the Company.

**6 Other long term liabilities**

**As at  
 March 31, 2019**

Retention money payable	518,034
	<u>518,034</u>

**7 Trade payables**

**As at  
 March 31, 2019**

Total outstanding dues of micro enterprises and small enterprises (refer note below)	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	108,678,326
	<u>108,678,326</u>

**Note:-**

Based on the information available with the Company, none of the parties have confirmed to be registered under Micro, Small and Medium Enterprises Development Act, 2006 and hence no further disclosures have been made in this regard.

**8 Other current liabilities**

**As at  
 March 31, 2019**

Advances from customers against sale of flats	106,144,884
Interest accrued on non-convertible debentures	739,726
Statutory dues payable	64,923
	<u>106,949,533</u>



**Naiknavare Buildcon Private Limited**

**Notes forming part of financial statements for the year ended March 31, 2019**

(All amount in Indian Rupees, unless otherwise stated)

**9 Intangible assets**

	Gross block	Accumulated amortisation	Net Block
Goodwill (Refer Note 22)			
Opening balance	-	-	-
Additions	1,093,565	7,191	
Closing balance	<u>1,093,565</u>	<u>7,191</u>	<u>1,086,374</u>

**10 Inventories (valued at lower of cost or net realisable value)**

	As at March 31, 2019
Construction Work in progress	<u>299,332,396</u>
	<u>299,332,396</u>
For Inventories pledged as securities against borrowings, Refer Note 5	

**11 Cash and bank balances**

	As at March 31, 2019
Cash and cash equivalents	
Balances with banks in current accounts	<u>91,353,221</u>
	<u>91,353,221</u>

**12 Short-term loans and advances**

	As at March 31, 2019
Unsecured, considered good	
Advance to suppliers	225,322,742
Advance to related party	85,002,295
Balances with government authorities	<u>496,630</u>
	<u>310,821,667</u>



Naiknavare Buildcon Private Limited  
Notes forming part of financial statements for the year ended March 31, 2019  
(All amount in Indian Rupees, unless otherwise stated)

<b>13 Cost of Material consumed</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Inventory of raw materials as at the beginning of the year	-
Add: Purchase of material/ labour and overheads incurred during the year	299,332,396
Less: Inventory of raw material as at the end of the year	-
	<u>299,332,396</u>
<b>14 Changes in inventories of work-in-progress</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Opening construction work in progress	-
Less: Closing construction work in progress	299,332,396
	<u>(299,332,396)</u>
<b>15 Finance costs</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Interest	
on borrowings	739,726
on others	1,817,281
Other finance cost	1,030,500
Less: Interest cost allocated to inventory	(282,009)
	<u>3,305,498</u>
<b>16 Amortisation expenses</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Amortisation of goodwill	7,191
	<u>7,191</u>
<b>17 Other expenses</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Legal and professional fees	626,069
Payment to auditors (refer note below)	550,000
Bank charges	997
Travelling and conveyance expenses	10,871
Advertisement expenses	8,554,188
Commission expenses	489,755
Miscellaneous expenses	107,665
	<u>10,339,546</u>
<b>Payment to auditors (exclusive of goods and service tax)</b>	<b>Period from January 07, 2019 to March 31, 2019</b>
Statutory audit fees	550,000
	<u>550,000</u>



**Naiknavare Buildcon Private Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019**  
 (All amount in Indian Rupees, unless otherwise stated)

**18 Earnings per share**

**Period from  
 January 07, 2019 to  
 March 31, 2019**

Net loss after tax attributable to equity shareholders	(13,652,235)
Weighted average number of equity shares outstanding during the year	10,000
Nominal value per equity share	10.00
<b>Basic and diluted loss per share</b>	<b>(1,365.22)</b>

Note: The company was incorporated on January 03, 2019 hence EPS is not annualized.

**19 Income tax**

The Company has not recognized deferred tax asset associated with current year tax loss as based on the Management projection of future taxable income and existing plan, it is not virtually certain that such difference will reverse in the foreseeable future.

**20 Contingent liabilities and commitments**

There are no contingent liabilities and capital or other commitments as at the reporting dates.

**21 Disclosure of transactions with related parties**

(A) In accordance with the requirement of Indian accounting Standard (Ind AS)- 24 on "Related Party Disclosures" the names of the related parties where control exists /able to exercise significant influence along with the aggregate transactions/year end balances with them as identified and certified by the management are given below::

**Names of the Related Parties and  
 Relationship**

(i) **Parties that are under Common Control and with whom transactions have been taken place during the period.**

<b>Name of the Related Party</b>	<b>Relationship</b>
Naiknavare Developers Private Limited	Entity under common control
Naiknavare Township LLP	Entity under common control

(ii) **Key Management Personnel ('KMP')**

<b>Name of the Related Party</b>	<b>Relationship</b>
Ranjit Dattaji Naiknavare	Director
Hemant Naiknavare Dattaji	Director
Rajiv Shyamlal Khiani	Director
Bhavinkumar Nagraj Jain	Director

(B) **Transactions with the Related Parties**

**Period from  
 January 07, 2019 to  
 March 31, 2019**

<b>Naiknavare Developers Private Limited</b>	
Purchase of Business	90,996,102

(C) **Outstanding balances**

**As at  
 March 31, 2019**

<b>Naiknavare Developers Private Limited</b>	
Advance given	85,002,295
<b>Naiknavare Township LLP</b>	
Advance given for purchase of business	217,128,333





**Naiknavare Buildcon Private Limited**

**Notes forming part of financial statements for the year ended March 31, 2019**

(All amount in Indian Rupees, unless otherwise stated)

**22 Disclosures required as per AS-14 "Accounting for Amalgamations"**

The company has acquired two ongoing projects from Naiknavare Developers Private Limited, which is engaged primarily in the business of Real Estate Development.

The assets and liabilities pertaining to these projects have been transferred with effect from March 20, 2019 by using the "Purchase method".

The difference of Rs. 1,093,565 between purchase consideration and net assets taken over, is recognised as 'Goodwill' in the books, which will be amortized over a period of 5 years from the date of recognition.

Particulars	Amount (Rs)
Purchase consideration	90,996,102
Net assets taken over	(89,902,537)
Difference - Recognised as Goodwill in books	1,093,565

The entire purchase consideration has been discharged through cash and cash equivalent balances.

23 Based on assessment by the Company, the following amounts, being not eligible to be carried as Inventory, have been debited to the respective heads of Statement of Profit and Loss from the Inventory balance acquired in the course of business purchase :

Particulars	Amount (Rs)
Legal and professional fees	609,069
Bank charges	885
Advertisement expenses	8,469,188
Commission expenses	489,755
Miscellaneous expenses	78,263
<b>Total</b>	<b>9,647,161</b>

**24 Advance against business purchase**

The Company has paid Rs 217,128,333 as advance consideration to Naiknavare Township LLP towards purchase of Eagle's Nest Project. The business transfer agreement in respect of same has been signed subsequent to the balance sheet date.

**25 Segment reporting**

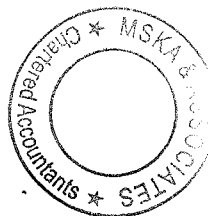
The Company's operations predominantly relate to Real Estate Development Projects. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith.

26 Previous year figures have been regrouped/ reclassified, wherever required, to conform to current year classification.

As per our report of even dated  
For MSKA & Associates  
Chartered Accountants  
ICAI Firm registration No.: 105047W

  
Anup Mundhra  
Partner  
Membership no.: 061083

Place : Pune  
Date: September 30, 2019



For and on behalf of the Board of Directors  
Naiknavare Buildcon Private Limited  
CIN: U45201PN2019PTC181200

  
Hemant Naiknavare  
Director  
Din: 00763802

Place : Pune  
Date: September 30, 2019

  
Ranjit Naiknavare  
Director  
Din: 00151409