

Joyville Shapoorji Housing Private Limited

Financial Statements

together with the

Independent Auditors' Report

for the year ended 31 March 2020

Joyville Shapoorji Housing Private Limited

Financial statements together with the Independent Auditors' Report

for the year ended 31 March 2020

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B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditors' Report

To the Members of Joyville Shapoorji Housing Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Joyville Shapoorji Housing 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 statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

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 ("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 31 March 2020, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' 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 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 on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (Continued)

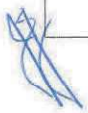
Joyville Shapoorji Housing Private Limited

Inventories (refer note 6 to the financial statements)

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| <p>Inventories comprising of project work in progress represent 88.18% of the Company's total assets. Inventory may be held for long periods of time before sale, making it vulnerable to reduction in net realizable value (NRV). This could result in an overstatement of the value of inventory when the carrying value is higher than the NRV.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Understanding from the Company the basis of estimated selling price for the unsold units and units under construction. • Evaluating the design and testing operating effectiveness of controls over preparation and update of NRV workings by designated personnel. Testing controls related to Company's review of key estimates, including estimated future selling prices and costs of completion for property development projects. • Evaluating the Company's judgement with regards to application of write-down of inventory units by auditing the key estimates, data inputs and assumptions adopted in the valuations. Comparing expected future average selling prices with available market conditions such as price range available under industry reports published by reputed consultants and the sales budget plans maintained by the Company. • Comparing the estimated construction costs to complete each project with the Company's updated budgets. Re-computing the NRV, to test inventory units are held at the lower of cost and NRV. • Considering the adequacy of the disclosures in the financial statements in respect of the judgments taken in recognising revenue for residential property units in accordance with Ind AS 115. |
| <p>Assessing NRV</p> | |
| <p>NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale and estimated costs of completion (in case of construction work-in-progress). The inventory of finished goods and construction work-in-progress is not written down below cost when completed flats/ under-construction flats /properties are expected to be sold at or above cost.</p> | |
| <p>For NRV assessment, the estimated selling price is determined for a phase, sometimes comprising multiple units. The assessment and application of write-down of inventory to NRV are subject to significant judgement by the Company.</p> | |
| <p>As such inappropriate assumptions in these forecasts can impact the assessment of the carrying value of inventories.</p> | |
| <p>We have considered assessment of net realizable value of inventory as a key audit matter owing to:</p> | |
| <ul style="list-style-type: none"> - The Company's judgement associated with estimation of future market and economic conditions; and - Significance in the context of total assets of the Company. | |

Revenue recognition (refer note 16 to the financial statements)

| The Key audit matter | How the matter was addressed in our audit |
|--|---|
| <ol style="list-style-type: none"> 1. Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration which the Company expects to receive in exchange for those units. The Company records revenue on handover of actual possession to the customers, as determined by the terms of contract with customers. 2. The risk for revenue being recognized in an incorrect period due to its financial significance presents a key audit matter. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating the accounting policies adopted by the Company for revenue recognition to check those are in line with the applicable accounting standards and their consistent application to the significant sales contracts. • Understanding revenue recognition process including identification of performance obligations and determination of transfer of control of the asset underlying the performance obligation to the customer. |



Independent Auditors' Report (Continued)

Joyville Shapoorji Housing Private Limited

Revenue recognition (refer note 16 to the financial statements) (Continued)

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|--|---|
| | <ul style="list-style-type: none">• Evaluating revenue overstatement or understatement by assessing Company's key judgments in interpreting contractual terms. Determining the point in time at which the control is transferred by evaluating Company's in-house legal interpretations of the underlying agreements i.e. when contract becomes non-cancellable.• Identifying and testing operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of possession letters / intimation of receipt of occupation certificate and controls over collection from customers.• Testing sample sales of units for projects with the underlying contracts, completion status and proceeds received from customers. Samples are drawn randomly using statistical sampling techniques.• Requesting confirmations, on a sample basis, from• customers and reconciling them with advances received. In case of non-receipt of confirmations, we have performed alternative procedures by comparing details with contracts and collection details. Samples are drawn randomly using statistical sampling techniques.• Conducting site visits during the year for on-going projects to understand the scope and nature of the projects. Assessing the progress of the projects.• Considered the adequacy of the disclosures in note 2 (d) to the financial statements in respect of the judgments taken in recognising revenue for residential units. |
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Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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. We have nothing to report in this regard.

Independent Auditors' Report (Continued)

Joyville Shapoorji Housing Private Limited

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

In preparing the financial statements, Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional 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 in the financial statements made by the Management and Board of Directors.

