Puravankara Limited – Standalone
Statutory audit for the year ended March 31, 2019

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Puravankara Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Puravankara Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, 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, the aforesaid standalone Ind AS 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, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to note 36(c) to the accompanying standalone Ind AS financial statements in connection with the Company and its wholly owned subsidiary being subject to certain ongoing litigations. Pending resolution of the litigations, no provision has been made towards the vendor's claims on the Company and the resulting impact of customer's counter-claims on the subsidiary in the accompanying standalone Ind AS financial statements. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Adoption of Ind AS 115 - Revenue from Contract with Customers and Amendments to Ind AS 40 Investment Property</u> (as described in note 38 of the Standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has adopted Ind AS 115 - Revenue from Contracts with Customers and Amendments to Ind AS 40 Investment Property consequent to issuance of Ind AS 115, which is mandatory for reporting periods beginning on or after April 1, 2018.

The Company has applied the modified retrospective approach to all contracts as at April 01, 2018, and has given impact of Ind AS 115 and Amendments to Ind AS 40 application by debit to retained earnings as at the said date by Rs.390.41 crores (net of tax).

The application of Ind AS 115 and Amendments to Ind AS 40 has impacted the Company's accounting for recognition of revenue from real estate projects (other than revenue contract forming part of joint development arrangements) and gain arising from derecognition of investment property, which is now being recognised at a point in time upon the Company satisfying its performance obligation and the customer obtaining control of the underlying asset.

For revenue contract forming part of Joint Development Arrangements ('JDA'), the revenue from the development and transfer of constructed area/revenue share with a corresponding land/ development rights received by the Company is measured at the fair value of the estimated construction service rendered by the Company to the land owner under JDA. Such revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.

For contracts involving sale of real estate unit, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. The assessment of such consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.

Application of Ind AS 115 and Amendments to Ind AS 40, including selection of transition method involves significant judgment in determining when 'control' of the goods or services underlying the performance obligation is transferred to the customer and the transition method to be applied. Further, for revenue contract forming part of joint development arrangements, significant estimate is made by the management in determining the fair value of the underlying revenue.</td><td>As part of our audit procedures, our procedures included the following:
- We have read the accounting policy for recognition of revenue and derecognition of investment property and assessed compliance of the policy in terms of principles enunciated under Ind AS 115 and Amendments to Ind AS 40.
- We obtained and tested the computation of the adjustment to retained earnings as at the Ind AS 115 and Amendment to Ind AS 40 transition date, on sample basis.
- We obtained and understood the revenue recognition process and performed test of controls over revenue recognition including determination of point of transfer of control, completion of performance obligation and fair value of estimated construction service under JDA, on a sample basis.
- We performed test of details, on a sample basis, and tested the underlying customer/JDA contracts and sale deed/ handover documents, evidencing the transfer of control of the asset to the customer.
- We obtained and tested the computation of the fair value of the construction service under JDA, on sample basis.
- We tested the computation for recognition of revenue over a period of time for revenue contracts forming part of JDA and management's assessment of stage of completion of projects and project cost estimates on a test check basis.
- We assessed the disclosures made by management in compliance with the requirements of Ind AS 115 and Amendments to Ind AS 40.</td></tr>
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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As the revenue recognition involves significant estimates and judgement, we regard this as a key audit matter.</td><td></td></tr>
<tr><td colspan="2"><u>Recording of related party transactions and disclosures</u> (as described in note 39 of the Standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has undertaken transactions with its related parties in the ordinary course of business at arm's length. These include making new or additional investments in its subsidiaries, associates and joint ventures and lending and borrowing of loans; and other transactions to or from the related parties.

We identified the accuracy and completeness of the said related party transactions and its disclosure as set out in respective notes to the Standalone Ind AS financial statements as a key audit matter due to the significance of transactions with related parties and regulatory compliance thereon.</td><td>As part of our audit procedures, our procedures included the following:
- Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions on sample basis.
- Read minutes of shareholder meetings, board meetings and minutes of meetings of those charged with governance in connection with Company's assessment of related party transactions being in the ordinary course of business at arm's length on sample basis.
- Tested, on a sample basis, related party transactions with the underlying contracts, confirmation letters and other supporting documents
- Agreed the related party information disclosed in the Standalone Ind AS financial statements with the underlying supporting documents.</td></tr>
<tr><td colspan="2"><u>Assessing the carrying value of inventory and advances/deposits paid towards land procurement</u> (as described in notes 7(a), 10(a) and 13 of the Standalone Ind AS financial statements)</td></tr>
<tr><td>As at March 31, 2019, the carrying value of the inventory of real estate projects is Rs.4,500.63 crores and land advances/deposits of Rs.218.25 crores.

The inventories are carried at the lower of cost and Net Realisable Value (NRV). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs.

Deposits paid under joint development arrangements, in the nature of non-refundable amounts, are recognised as land advance under other assets and on the launch of the project, the same is transferred as land stock under inventories. Further, advances paid by the Company to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Company, whereupon it is transferred to land stock under inventories.

The aforesaid deposits and advances are carried at the lower of the amount paid/payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.</td><td>Our procedures in assessing the carrying value of the inventories/land advances/deposits included the following:
- We read and evaluated the accounting policies with respect to inventories/land advances/deposits
- We assessed the Company's methodology applied in assessing the carrying value under the relevant accounting standards, on sample basis.
- We obtained and tested the computation involved in assessment of carrying value including the net realisable value/ net recoverable value on test check basis.
- We compared the realisable/recoverable amount of the asset to the carrying value in books on test check basis.
- We made inquiries with management to understand key assumptions used in determination of the net realisable value/ net recoverable value on test check basis.</td></tr>
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Key audit matters	How our audit addressed the key audit matter
We identified the assessment of the carrying value of inventory and land advances/deposits as a key audit matter due to the significance of the balance to the Standalone Ind AS financial statements as a whole and the involvement of estimates and judgement in the assessment.	
Compliance with repayment terms of borrowings (as described in note 20 of the Standalone Ind AS financial statements)	
The Company has significant borrowings as it is the key source of funds taken to finance its various real estate development projects as well as for general corporate purpose. We consider compliance with repayment terms of borrowings as a key audit matter as this is a key consideration for appropriate classification of loan balances and relevant disclosures thereon in the Standalone Ind AS financial statements. Further, compliance with repayment terms is part of management's assessment of evaluating its gearing and liquidity profile.	Our procedures in relation to compliance with repayment terms of borrowings include the following: - Obtained an understanding of the process and testing the internal controls over timely repayment of borrowings on sample basis. - We tested the repayments of borrowings for a sample of transactions by reading the underlying contracts for repayments schedules, comparing the actual cash flows with the repayment schedules and tracing the amounts paid as per books of account to the bank statements of the Company. - Assessed the maturity profile of the borrowings to evaluate the classification and disclosure of borrowings on test check basis. - Compared, on a sample basis, the balances confirmed by the lenders with the balances as per the books of accounts.
Assessing carrying value of Investments in subsidiary ,associate and joint venture entities *(as described in note 6 of the Standalone Ind AS financial statements)*	
As at March 31, 2019, the carrying values of Company's investment in subsidiary, joint venture and associate entities amounted to Rs. 45.89 crores. Management reviews on a periodical basis whether there are any indicators of impairment of such investments. For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. Significant judgements are required to determine the key assumptions used in determination of fair value / value in use. As the impairment assessment involves significant assumptions and judgement, we regard this as a key audit matter.	Our procedures in assessing the impairment of the investment included the following: - We read and evaluated the accounting policies with respect to investment - We assessed the Company's methodology applied in assessing the carrying value under the relevant accounting standards. - We assessed the Company's valuation methodology applied and tested the computation involved in determining the recoverable amount on test check basis. - We compared the recoverable amount of the investment to the carrying value in books on test check basis. - We assessed the disclosures made in the Standalone Ind AS financial statements regarding such investments.

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Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Ind AS financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Ind AS 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 Standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 system in place and the operating effectiveness of such controls.

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- 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and the other financial information as regards Company's share in losses of 3 partnership entities (2 limited liability partnership and 1 partnership firm) amounting to Rs.0.92 crores for the year ended March 31, 2019, and included in the accompanying standalone Ind AS financial statements. The financial statements of such partnership entities have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such partnership entities, is based solely on the report of other auditors. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by 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, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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;

   (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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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(e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019, has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36(c) to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: May 18, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PURAVANKARA LIMTED

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment property.

(b) All property, plant and equipment and investment property have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and based on the examination of the registered sale deed/transfer deed/registered joint development agreements provided to us, we report that, the title deeds of immovable properties included in property, plant and equipment, capital work-in progress and investment property are held in the name of the Company. Immovable properties of land and buildings whose title deeds have been pledged as security for term loans and guarantees, are held in the name of the Company based on confirmations received by us from lenders.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loans to fourteen companies and two limited liability partnership firms covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest, having regard to management's representation that the loans are given to such parties considering the Company's economic interest and long-term trade relationship with such parties.

(b) In respect of the loans granted to parties covered in the register maintained under Section 189 of the Companies Act, 2013, the loans and interest thereon are repayable as per the contractual terms. As per the contractual terms, the loans and interest thereon have not fallen due for repayment. Accordingly, there has been no default on the part of the parties to whom the money has been lent.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013, which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013, in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction activities and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues applicable to it though there has been a slight delay in a few cases in deposit of tax deducted at source, provident fund and professional tax.

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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, goods and service tax, duty of custom and cess which have not been deposited on account of any dispute, are as follows:

Name of the Statue	Nature of dues	Amount demanded Rs. Crore	Amount paid under protest Rs. Crore	Period to which amount relates	Forum where the dispute is pending
The Karnataka Value Added Tax Act.	Value Added Tax	0.87	0.87	2005-2007	Deputy Commissioner of Commercial Taxes Department
The Karnataka Value Added Tax Act.	Value Added Tax	6.36	1.91	2011-2012	High Court, Karnataka
The Karnataka Value Added Tax Act.	Value Added Tax	0.48	-	2013-2015	Deputy Commissioner of Commercial Taxes Department
Karnataka Value Added Tax Act.	Value Added Tax	0.18	0.05	2012-2013	Joint Commissioner of Commercial Taxes Department Appeals
Chapter V of the Finance Act, 1994	Service Tax	8.86	0.01	2007-2009	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
Chapter V of the Finance Act, 1994	Service Tax	2.23	-	2002-2006	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
Chapter V of the Finance Act, 1994	Service Tax	29.57	0.46	2007-2017	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
Income-Tax Act, 1961	Income tax	10.26	-	2004-2006, 2009-2011	Commissioner of Income Tax (Appeals)
Income-Tax Act, 1961	Income tax	27.04	-	2011-2014	Assistant Commissioner of Income Tax
Income-Tax Act, 1961	Income tax	15.16	-	2015-2016	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or financial institution. The Company did not have any loans or borrowing from government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans (representing loans with a repayment period beyond 36 months) for the purposes for which they were raised. The Company has not raised any monies by way of initial public offer/ further public offer.

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(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties read with note 39 of the standalone Ind AS financial statements are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: May 18, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PURAVANKARA LIMTED

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

We have audited the internal financial controls over financial reporting of Puravankara Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: May 18, 2019

S.R. Batliboi & Associates LLP
Bengaluru

Puravankara Limited
Standalone Balance Sheet as at March 31, 2019
(All amounts in Indian Rs. Crore, unless otherwise stated)

	Note	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	29.39	31.87
(b) Capital work-in-progress	4A	33.42	33.25
(c) Investment properties	4	61.61	63.75
(d) Intangible assets	5	3.33	3.11
(e) Financial assets			
(i) Investments	6	45.89	43.37
(ii) Loans	7a	659.00	649.01
(iii) Other financial assets	8a	19.87	26.10
(f) Deferred tax assets (net)	12	201.78	39.02
(g) Assets for current tax (net)	9	35.18	20.67
(h) Other non-current assets	10a	107.40	93.86
Total non-current assets		1,196.87	1,004.01
Current assets			
(a) Inventories	13	4,500.63	3,447.19
(b) Financial assets			
(i) Trade receivables	14	119.67	166.20
(ii) Cash and cash equivalents	15	77.33	80.38
(iii) Bank balances other than (ii) above	16	0.19	0.16
(iv) Loans	7b	70.39	64.84
(v) Other financial assets	8b	11.06	328.43
(c) Other current assets	10b	184.39	188.21
Total current assets		4,963.66	4,275.41
Total assets		6,160.53	5,279.42
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	17	118.58	118.58
(b) Other equity	18	1,529.30	1,874.10
Total equity		1,647.88	1,992.68
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20a	254.78	137.07
(ii) Other financial liabilities	21a	14.11	10.27
(b) Provisions	22a	7.34	7.06
Total non-current liabilities		276.23	154.40
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20b	567.87	487.62
(ii) Trade payables :	23		
(A) Total outstanding dues of micro enterprises and small enterprises		0.48	3.74
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		311.65	279.33
(iii) Other financial liabilities	21b	1,381.86	1,220.75
(b) Other current liabilities	24	1,973.03	1,138.58
(c) Provisions	22b	1.53	2.32
Total current liabilities		4,236.42	3,132.34
Total equity and liabilities		6,160.53	5,279.42
Summary of significant accounting policies	2.2		

The accompanying notes referred to above form an integral part of the standalone financial statements

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

S.R. Batliboi & Associates LLP Bengaluru

Bengaluru
May 18, 2019

For and on behalf of the Board of Directors of Puravankara Limited

Ashish R Puravankara
Managing Director
DIN 00504524

Nani R Choksey
Joint Managing Director
DIN 00504555

Kuldeep Chawla
Chief Financial Officer

Bindu Doraiswamy
Company Secretary

Bengaluru
May 18, 2019

PURAVANKARA LIMITED Bangalore - 42

Puravankara Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2019
(All amounts in Indian Rs. Crore, unless otherwise stated)

	Note	March 31, 2019	March 31, 2018
Income			
Revenue from operations	25	1,471.91	885.60
Other income	26	67.13	104.96
Total		1,539.04	990.56
Expenses			
Sub-contractor cost		262.66	326.99
Cost of raw materials, components and stores consumed	27	44.51	42.62
Purchase of land stock		216.89	216.54
(Increase)/ decrease in inventories of stock of flats, land stock and work-in-progress	28	406.33	(73.01)
Employee benefits expense	29	83.66	72.67
Finance costs	30	238.01	181.91
Depreciation and amortization expense	31	9.69	8.78
Other expenses	32	145.69	127.07
Total expenses		1,407.44	903.57
Profit before tax		131.60	86.99
Tax expense	11		
Current tax		-	9.57
Deferred tax		39.83	0.19
Total tax expense		39.83	9.76
Profit for the year		91.77	77.23
Other comprehensive income ('OCI')			
Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans		(0.65)	(0.72)
(ii) Income tax relating to above		0.23	0.25
Total other comprehensive income		(0.42)	(0.47)
Total comprehensive income for the year (comprising profit and OCI)		91.35	76.76
Earnings Per equity Share ('EPS')			
(Nominal value per equity share Rs. 5 (March 31, 2018 : Rs.5)			
Basic (Rs.)		3.86	3.26
Diluted (Rs.)		3.86	3.26
Weighted average number of equity shares used in computation of EPS			
Basic - in numbers crores		23.72	23.72
Diluted - in numbers crores		23.72	23.72
Summary of significant accounting policies	2.2		

The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

S.R. Batliboi & Associates LLP Bengaluru

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For and on behalf of the Board of Directors of Puravankara Limited

Ashish R Puravankara
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Company Secretary

Bengaluru
May 18, 2019

Puravankara Limited Bangalore - 42

Puravankara Limited
Standalone Statement of cash flow for the year ended March 31, 2019

(All amounts in Indian Rs. Crore, unless otherwise stated)	March 31, 2019	March 31, 2018
A. Cash flow from operating activities		
Profit before tax	131.60	86.99
Adjustments to reconcile profit after tax to net cash flows		
Depreciation and amortization expense	9.69	8.78
Financial guarantee income	(1.86)	(1.92)
Liabilities no longer required written-back	(26.69)	(3.88)
Profit on sale of property, plant and equipment	(0.31)	(0.59)
Profit on sale of investment property	(26.81)	(26.81)
Dividend income on investments	(6.00)	(32.83)
Share in profits/ (loss) of partnership firm investments (post tax)	0.91	1.18
Finance costs	238.01	181.91
Interest income	(24.44)	(53.51)
Operating profit before working capital changes	294.10	159.32
Working capital adjustments:		
(Increase)/decrease in trade receivables	46.53	126.37
(Increase)/ decrease in inventories*	407.88	(75.86)
(Increase)/ decrease in loans	(2.93)	(16.55)
(Increase)/ decrease in other financial assets*	25.61	(76.59)
(Increase)/ decrease in other assets*	9.05	(53.78)
Increase/ (decrease) in trade payables	55.75	86.13
Increase/ (decrease) in other financial liabilities	23.46	(0.32)
Increase/ (decrease) in other liabilities*	(941.08)	44.10
Increase/ (decrease) in provisions	(1.16)	(9.77)
Cash (used in)/ received from operations	(82.79)	183.05
Income tax paid (net)*	(14.51)	(10.50)
Net cash flows (used in)/from operating activities	(97.30)	172.55

* Also refer note 38.5 with regards to transition to Ind AS 115.

B. Cash flows from investing activities		
Proceeds from sale of investment properties	35.60	-
Purchase of property, plant and equipment (including capital work in progress and capital advances)	(4.36)	(1.44)
Purchase of intangible assets	(1.50)	(0.53)
Proceeds from sale of property, plant and equipment	0.71	0.94
Investments made in equity of subsidiaries and associates	(0.10)	(3.02)
Advance towards investments	-	(15.00)
Loans given to subsidiaries, associates and joint ventures	(346.48)	(348.77)
Loans repaid by subsidiaries, associates and joint ventures	346.74	60.76
Investment in bank deposits (original maturity of more than three months)	(38.04)	(2.11)
Redemption of bank deposits (original maturity of more than three months)	29.27	7.51
Dividend received	6.00	32.83
Interest received	12.22	53.57
Net cash flows from / (used in) investing activities	40.06	(215.26)
C. Cash flows from financing activities		
Proceeds from secured term loans	1,139.28	525.91
Repayment of secured term loans	(777.29)	(195.77)
Repayments of unsecured term loans	46.00	-
Loans taken from subsidiaries and associates	76.46	68.77
Loans repaid to subsidiaries and associates	(128.93)	(110.56)
Dividends paid (including taxes)	(45.71)	(57.48)
Interest and other charges paid	(230.07)	(182.69)
Net cash (used in)/from financing activities	79.74	48.19
Net (decrease)/increase in cash and cash equivalents (A + B + C)	22.50	5.48
Cash and cash equivalents at the beginning of the year	(73.89)	(79.37)
Cash and cash equivalents at the end of the year (as per note 15 to the financial statements)	(51.39)	(73.89)

Components of cash and cash equivalents	Notes	March 31, 2019	March 31, 2018
Cash and cash equivalents	15	77.33	80.38
Less: Cash credit facilities from banks (note 20)	20	(128.72)	(154.27)
Cash and cash equivalents reported in cash flow statement		(51.39)	(73.89)
Summary of significant accounting policies	2.2		

The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

S.R. Batliboi & Associates LLP Bengaluru

Bengaluru
May 18, 2019

For and on behalf of the Board of Directors of Puravankara Limited

Nani R Choksey

Ashish R Puravankara
Managing Director
DIN 00504524

Nani R Choksey
Joint Managing Director
DIN 00504555

Kuldeep Chawla
Chief Financial Officer

Bindu Doraiswamy
Company Secretary

Bengaluru
May 18, 2019

Puravankara Limited Bangalore - 42

Puravankara Limited
Standalone Statement of changes in equity for the year ended March 31, 2019

(All amounts in Indian Rs. Crore, unless otherwise stated)

A. Equity share capital

Particulars	As at 01 April 2017	Movement during 2017-18	As at March 31, 2018	Movement during 2018-19	As at March 31, 2019
Equity share capital of face value of Rs. 5 each fully paid 23.72 crore (March 31, 2018 - 23.72 crore) equity shares of Rs. 5 each fully paid	118.58	-	118.58	-	118.58
	118.58	-	118.58	-	118.58

Note: Also refer note 17

B. Other equity

Particulars	Reserves and surplus			
	Securities premium	General reserve	Retained Earnings	Total
Balance as at 1 April 2017	963.61	80.28	810.97	1,854.86
Profit for the year	-	-	77.23	77.23
Other Comprehensive Income	-	-	(0.47)	(0.47)
Total comprehensive income for the year	963.61	80.28	887.73	1,931.62
Dividends (including tax on dividend)	-	-	(57.52)	(57.52)
Balance as at March 31, 2018	963.61	80.28	830.21	1,874.10
Profit for the year	-	-	91.77	91.77
Other Comprehensive Income	-	-	(0.42)	(0.42)
Ind-AS 115 and Amendments to Ind AS 40 transition impact- refer note 38	-	-	(390.41)	(390.41)
Dividend (including tax on dividend)	-	-	(45.74)	(45.74)
Total comprehensive income for the year	963.61	80.28	485.41	1,529.30
Dividends (including tax on dividend)	-	-		-
Balance as at March 31, 2019	963.61	80.28	485.41	1,529.30

Notes:
1. Also refer note 18
2. As required under Ind AS compliant Schedule III, the Company has recognised re-measurement losses on defined benefit plans (net of tax) of Rs.0.42 crores [March 31, 2018: Rs.0.47 crores] as part of retained earnings.

Summary of significant accounting policies 2.2

The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per **Adarsh Ranka**
Partner
Membership no.: 209567

S. R. Batliboi & Associates LLP Bengaluru

Bengaluru
May 18, 2019

For and on behalf of the Board of Directors of Puravankara Limited

Ashish R Puravankara
Managing Director
DIN 00504524

Nani R Choksey

Nani R Choksey
Joint Managing Director
DIN 00504555

Kuldeep Chawla
Chief Financial Officer

Bindu

Bindu Doraiswamy
Company Secretary

Bengaluru
May 18, 2019

PURAVANKARA LIMITED Bangalore - 42

1. Corporate information

Puravankara Limited (the 'Company') was incorporated on June 3, 1986 under the provisions of the Companies Act applicable in India ("Act"). The registered office is located at 130/1, Ulsoor Road, Bengaluru 560042, India. The Company's shares are listed on two recognized stock exchanges in India namely National Stock Exchange of India Limited and BSE Limited. The Company is engaged in the business of real estate development.

The standalone Ind AS financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2019.

2. Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III). The standalone financial statements of the Company are prepared and presented in accordance with Ind AS.

The standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the 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. The effect of change in an accounting estimate is recognized prospectively.

(b) Changes in accounting policies and disclosures

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

Ind AS 115 Revenue from Contracts with Customers and Amendments to Ind AS 40 Investment Property consequent to issuance of Ind AS 115, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing requirements of recognition of revenue and derecognition of investment property. The application of Ind AS 115 and Amendments to Ind AS 40 have impacted the Company's accounting for revenue from real estate projects and gain/loss arising from derecognition of investment property.

The Company has applied the modified retrospective approach to all contracts as of April 1, 2018 and has given impact of application of Ind AS 115 and Amendments to Ind AS 40 by debit to retained earnings as at the said date by Rs. 390.41 crores (net of tax). Accordingly, the comparatives have not been restated and hence not comparable with previous period figures. The impact of application of Ind AS 115 and Amendments to Ind AS 40 for the year ended March 31, 2019 is as detailed in note 38.

(c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as four years for the purpose of current and non-current classification of assets and liabilities.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

S.R. Batliboi & Associates LLP Bengaluru

Puravankara Limited Bangalore - 42

(All amounts in Indian Rs. Crore, unless otherwise stated)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

(e) Depreciation on property, plant and equipment and investment property.

Depreciation is calculated on straight line method using the following useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013, except certain categories of assets whose useful life is estimated by the management based on planned usage and technical evaluation thereon:

Category of Asset	Useful lives (in years)	Useful lives as per Schedule II (in years)
Buildings	60	60
Plant, machinery and equipments:		
- Shuttering materials	7	15
- Other plant, machinery and equipments	10	15
Furniture and fixtures	10	10
Computer equipment		
- Servers and networking equipments	6	6
- End user devices	3	3
Office equipment	5	5
Motor Vehicles	8	8

Leasehold improvements are amortised over the remaining period of lease or their estimated useful life (10 years), whichever is shorter on straight line basis.

The residual values, useful lives and methods of depreciation of property, plant and equipment and investment property are reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets comprising of computer software are amortized using straight line method over a period of six years, which is estimated by the management to be the useful life of the asset.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when asset is derecognized.

S.R. Batliboi & Associates LLP Bengaluru

Puravankara Limited Bangalore - 42

(g) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are de-recognized when the entity transfers control of the same to the buyer. Further the entity also derecognises investment properties when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

(h) Impairment

A. Financial assets
The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B. 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) net selling price and its value in use. The 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. Where 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 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Investment property.

S.R. Batliboi & Associates LLP Bengaluru

Puravankara Limited Bangalore - 42