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

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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"UB City" Canberra Block
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INDEPENDENT AUDITOR'S REPORT

To the Members of Puravankara Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Puravankara Limited (hereinafter referred to as "the Holding Company"), its subsidiaries, associates and joint ventures collectively referred to as "the Group" comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group 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 consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to note 37(c) to the accompanying consolidated Ind AS financial statements in connection with certain ongoing litigations. Pending resolution of the litigations, no provision has been made towards the vendor's claims and customer's counter-claims and the underlying customer's receivable is classified as good and recoverable in the accompanying consolidated Ind AS financial statements. Our opinion is not qualified in respect of this matter.

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- **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<u>Adoption of Ind AS 115 - Revenue from Contract with Customers and Amendments to Ind AS 40 Investment Property</u> (as described in note 39 of the Consolidated Ind AS financial statements)	
The Group 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, mandatory for reporting periods beginning on or after April 1, 2018. The Group 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.603.20 crores (net of tax). The application of Ind AS 115 and Amendments to Ind AS 40 has impacted the Group'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 Group 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 Group is measured at the fair value of the estimated construction service rendered by the Group to the land owner under JDA. Such revenue is recognised over	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 Amendments 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 the Group's assessment of stage of completion of projects and project cost estimates on test check basis. - We assessed the disclosures made by Group in compliance with the requirements of Ind AS 115 and Amendments to Ind AS 40.

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Key audit matters	How our audit addressed the key audit matter
a period of time in accordance with the requirements of Ind AS 115. For contracts involving sale of real estate unit, the Group 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 Group 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, 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 JDA, significant estimate is made by the Group in determining the fair value of the underlying revenue. As the revenue recognition involves significant estimates and judgement, we regard this as a key audit matter.	
Recording of related party transactions and disclosures (as described in note 40 of the Consolidated Ind AS financial statements)	
The Group 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 associates & joint ventures and other related parties 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 Consolidated Ind AS financial statements as a key audit matter due to the significance of transactions with related parties and regulatory compliance thereon.	As part of our audit procedures, our procedures included the following: - Obtained and read the Group'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 Group'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 Consolidated Ind AS financial statements with the underlying supporting documents.
Assessing the carrying value of inventory and advances/deposits paid towards land procurement (as described in notes 7(a), 10(a) and 14 of the Consolidated Ind AS financial statements)	
As at March 31, 2019, the carrying value of the inventory of real estate projects is	Our procedures in assessing the carrying value of the inventories/land advances/deposits included the following:

Key audit matters	How our audit addressed the key audit matter
Rs.6,766.10 crores and land advances/deposits of Rs.378.61 crores. The inventories are carried at 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 Group 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 Group, 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 Group'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. 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 Consolidated Ind AS financial statements as a whole and the involvement of estimates and judgement in the assessment.	- We read and evaluated the accounting policies with respect to inventories/land advances/deposits - We assessed the Group's methodology applied in assessing the carrying value under the relevant accounting standards. - 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 the Holding Company's management to understand key assumptions used in determination of the net realisable value/ net recoverable value on test check basis.
<u>Compliance with repayment terms of borrowings</u> (as described in note 21 of the Consolidated Ind AS financial statements)	
The Group 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	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.

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Key audit matters	How our audit addressed the key audit matter
disclosures thereon in the Consolidated Ind AS financial statements. Further, compliance with repayment terms is part of Group's assessment of evaluating its gearing and liquidity profile.	- 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.

Other Information

The Holding 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group 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. The respective Board of Directors of the companies and management of associate and joint venture partnership firms included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies and management of associate and joint venture partnership firms included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Holding Company has adequate internal financial controls system 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 ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 other financial information, in respect of 24 subsidiaries, whose Ind AS financial statements include total assets of Rs.1,023.95 crores as at March 31, 2019, and total revenues of Rs.47.17 crores and net cash inflows of Rs.6.76 crores for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs.1.72 crores for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of 4 associates and 1 joint venture, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associates, is based solely on the reports of such other auditors. Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance sheet, the consolidated Statement of Profit and Loss including the Statement of other comprehensive income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated 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;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint venture company incorporated in India, none of the directors of the Group's companies incorporated in India 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 and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its

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subsidiary companies, associate companies and joint venture company incorporated in India, refer to our separate report in Annexure to this report;

(g) In our opinion and based on the consideration of reports of other auditors of the subsidiaries companies and associate companies incorporated in India, the managerial remuneration for the year ended March 31, 2019, has been paid / provided by the Holding Company, its subsidiaries companies, associate companies and joint venture company incorporated in India to their 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer note 37(c) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies, associate companies and joint venture companies incorporated in India.

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 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PURAVANKARA LIMITED

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

In conjunction with our audit of the consolidated financial statements of Puravankara Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Puravankara Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, associate companies and joint venture companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and joint venture companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 consolidated 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 system over financial reporting with reference to these consolidated 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 consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

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

A company's internal financial control over financial reporting with reference to these consolidated 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 consolidated 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 Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 Holding Company, its subsidiary companies, associate companies and joint venture companies which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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.

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Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these 21 subsidiary companies and 3 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies and associate companies incorporated in India.

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

Puravankara Limited
Consolidated 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	63.26	57.66
(b) Capital work-in-progress	4A	35.13	36.08
(c) Investment properties	4	61.61	63.75
(d) Intangible assets	5	3.51	3.16
(e) Intangible assets under development	5A	7.27	-
(f) Financial assets			
(i) Investments			
Investments in associates and joint ventures	6a	60.13	61.45
Other investments	6b	70.07	69.99
(ii) Loans	7a	304.41	260.89
(iii) Other financial assets	8a	26.40	36.72
(g) Deferred tax assets (net)	12	301.75	53.33
(h) Assets for current tax (net)	9	62.67	41.21
(i) Other non-current assets	10a	166.18	154.34
Total non-current assets		1,162.39	838.58
Current assets			
(a) Inventories	14	6,766.10	4,687.06
(b) Financial assets			
(i) Trade receivables	15	250.64	274.95
(ii) Cash and cash equivalents	16	149.12	132.31
(iii) Bank balances other than (ii) above	17	0.32	0.16
(iv) Loans	7b	74.73	65.21
(v) Other financial assets	8b	25.43	508.91
(c) Other current assets	10b	304.83	284.14
Total current assets		7,571.17	5,952.74
Total assets		8,733.56	6,791.32
Equity and liabilities			
Equity			
(a) Equity share capital	18	118.58	118.58
(b) Other equity	19	1,738.17	2,274.59
Total equity		1,856.75	2,393.17
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21a	435.39	137.99
(ii) Other financial liabilities	22a	13.27	9.42
(b) Provisions	23a	10.47	11.21
(c) Deferred tax liabilities (net)	13	8.18	8.36
Total non-current liabilities		467.31	166.98
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21b	693.22	677.84
(ii) Trade payables	24		
(A) Total outstanding dues of micro enterprises and small enterprises		0.48	4.93
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		467.12	435.97
(iii) Other financial liabilities	22b	1,804.28	1,584.65
(b) Other current liabilities	25	3,434.79	1,510.26
(c) Provisions	23b	9.61	15.44
(d) Current tax liabilities (net)	26	-	2.08
Total current liabilities		6,409.50	4,231.17
Total equity and liabilities		8,733.56	6,791.32
Summary of significant accounting policies	2.2		

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

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Puravankara Limited
Consolidated 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	27	2,050.49	1,414.90
Other income	28	76.23	90.04
Total		2,126.72	1,504.94
Expenses			
Sub-contractor cost		407.82	548.99
Cost of raw materials, components and stores consumed	29	109.04	64.86
Purchase of land stock		455.14	394.79
(Increase)/ decrease in inventories of stock of flats, land stock and work-in-progress	30	245.03	(214.90)
Employee benefits expense	31	123.93	103.90
Finance costs	32	328.04	251.34
Depreciation and amortization expense	33	15.06	14.96
Other expenses	34	269.17	209.77
Total expenses		1,953.23	1,373.71
Profit before share of profit/ (loss) from investment in associates and joint ventures		173.49	131.23
Share of loss from investment in associates and joint ventures (after tax)		(1.72)	(2.41)
Profit before tax		171.77	128.82
Tax expense			
Current tax	11	4.48	40.90
Deferred tax		52.94	(3.48)
Total tax expense		57.42	37.42
Profit for the year		114.35	91.40
Other Comprehensive Income ('OCI')			
Items that will not be reclassified to profit or loss			
(i) Re-measurement of gains/(losses) on defined benefit plans		(0.92)	(0.37)
(ii) Income tax relating to above		0.32	0.13
Total other comprehensive income		(0.60)	(0.24)
Total comprehensive income for the year (comprising profit and OCI)		113.75	91.16
Profit for the year			
Attributable to:			
Equity holders of the parent		114.35	91.40
Non-controlling interests		-	-
Other comprehensive income			
Attributable to:			
Equity holders of the parent		(0.60)	(0.24)
Non-controlling interests		-	-
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		113.75	91.16
Non-controlling interests		-	-
Earnings Per equity Share ('EPS')			
(Nominal value per equity share Rs. 5 (March 31, 2018: Rs.5)			
Basic (Rs.)		4.82	3.85
Diluted (Rs.)		4.82	3.85
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 consolidated 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
Consolidated 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	171.77	128.82
Adjustments to reconcile profit after tax to net cash flows		
Share of loss from investment in associates and joint ventures	1.72	2.41
Depreciation and amortization expense	15.06	14.96
Liabilities no longer required written-back	(26.69)	(3.88)
Profit on sale of investment property	(26.81)	(26.81)
Profit on sale of property, plant and equipment	(0.31)	(0.59)
Gain arising from financial instruments designated as FVTPL	(4.74)	(8.13)
Finance costs	328.04	251.34
Interest income	(29.83)	(64.08)
Operating profit before working capital changes	428.21	294.04
Working capital adjustments:		
(Increase)/ decrease in trade receivables	24.31	112.15
(Increase)/ decrease in inventories*	258.78	(224.83)
Decrease/(increase) in loans	(43.83)	(69.05)
Decrease/(increase) in other financial assets*	45.57	(221.29)
Decrease/(increase) in other assets*	(2.73)	(78.42)
Increase/ (decrease) in trade payables	53.39	142.63
Increase/ (decrease) in other financial liabilities	24.37	5.35
Increase/ (decrease) in other liabilities*	(883.46)	76.32
Increase/ (Decrease) in provisions	(7.49)	(20.62)
Cash received from/ (used in) operations	(102.88)	16.28
Income tax paid (net)*	(28.02)	(45.13)
Net cash flows from/ (used in) operating activities	(130.90)	(28.85)

* Also refer note 39.5 with regards to transition to Ind AS 115

	March 31, 2019	March 31, 2018
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including capital work in progress and capital advances)	(19.79)	(2.01)
Purchase of intangible assets	(1.65)	(0.52)
Purchase of Intangible assets under development	(7.27)	-
Proceeds from sale of property, plant and equipment	2.33	-
Proceeds from sale of investment properties	35.60	-
Proceeds from sale of shares of subsidiaries	0.01	-
Investments in debentures of joint venture	-	(0.87)
Advance towards investments	-	(15.00)
Loans given to associates and joint ventures	(12.54)	(25.01)
Loans repaid by associates and joint ventures	2.93	32.03
Investment in bank deposits (original maturity of more than three months)	(46.54)	-
Redemption of bank deposits (original maturity of more than three months)	41.86	3.05
Interest received	9.73	64.08
Net cash flows from / (used in) investing activities	4.67	55.75
C. Cash flows from financing activities (refer note 16)		
Proceeds from secured term loans	1,458.29	874.53
Repayment of secured term loans	(1,022.50)	(550.23)
Proceeds from unsecured loan	99.45	3.22
Dividends paid (including taxes)	(46.91)	(64.23)
Interest paid	(328.04)	(251.34)
Net cash (used in)/from financing activities	160.29	11.95
Net (decrease)/increase in cash and cash equivalents (A + B + C)	34.06	38.85
Cash and cash equivalents at the beginning of the year	(40.66)	(79.51)
Cash and cash equivalents at the end of the year (as per note 16 to the financial statements)	(6.60)	(40.66)

Components of cash and cash equivalents	Notes	March 31, 2019	March 31, 2018
Cash and cash equivalents	16	149.12	132.31
Less: Cash credit facilities from banks (note 21)	21	(155.72)	(172.97)
Cash and cash equivalents reported in cash flow statement		(6.60)	(40.66)
Summary of significant accounting policies	2.2		

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

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Puravankara Limited
Consolidated 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 April 1, 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 18

B. Other equity

Particulars	Reserves and surplus			Total
	Securities premium	General reserve	Retained Earnings	
Balance as at April 1, 2017	963.61	80.28	1,203.77	2,247.66
Profit for the year	-	-	91.40	91.40
Other Comprehensive Income	-	-	(0.24)	(0.24)
Total comprehensive income for the year	963.61	80.28	1,294.93	2,338.82
Dividends (including tax on dividend)	-	-	(64.23)	(64.23)
Balance as at March 31, 2018	963.61	80.28	1,230.70	2,274.59
Profit for the year	-	-	114.35	114.35
Other Comprehensive Income	-	-	(0.60)	(0.60)
Total comprehensive income for the year	963.61	80.28	1,344.45	2,388.34
Ind-AS 115 and Amendments to Ind AS 40 transition impact - refer note 39	-	-	(603.20)	(603.20)
Dividends (including tax on dividend)	-	-	(46.97)	(46.97)
Balance as at March 31, 2019	963.61	80.28	694.28	1,738.17

Notes:
1. Also refer note 19
2. As required under Ind AS compliant Schedule III, the Group has recognised remeasurment gains/ (losses) on defined benefit plans (net of tax) of Rs.(0.60) crores [March 31, 2018: Rs.(0.24) 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 consolidated 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

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

1. Corporate information

The consolidated Ind AS financial statements comprise financial statements of Puravankara Limited ('PL' or the 'Company' or the 'Holding Company') and its subsidiaries, joint ventures and associates (collectively, the Group) for the year ended March 31, 2019. The Holding Company is a public company domiciled in India and is incorporated on June 3, 1986 under the provisions of the Companies Act applicable in 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 registered office is located at 130/1, Ulsoor Road, Bengaluru 560042, India.

The Group is engaged in the business of real estate development.

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

2. Significant accounting policies

2.1.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group 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) as amended, as applicable to the consolidated Ind AS financial statements. The consolidated financial statements of the Group are prepared and presented in accordance with Ind AS.

The consolidated Ind AS 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.

2.1.2 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Consolidation procedure:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. The manner of accounting for any related goodwill is explained below.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d. The financial statements of all subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31st and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

e. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

f. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. After initial recognition, goodwill is measured at cost less any accumulated impairment losses and tested for impairment annually.

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for and reclassified to profit or loss.

Also refer note 43, for the list of entities consolidated in the consolidated Ind AS financial statements.

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2.2 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

(b) Joint ventures and associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill, if any, relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture or associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

If an entity's share of losses of a joint venture or associate equals or exceeds its interest in the joint venture or associate (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture or associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the statement of profit and loss.

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The financial statements of joint venture or associate used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31st and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit in joint venture or associate' in the statement of profit or loss.

Upon loss of significant influence over the joint venture or associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, 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.

(d) 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 Group 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.603.20 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 39.

(e) Current versus non-current classification

The Group 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 Group 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.

(f) 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 Group 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.

S.R. Batliboi & Associates LLP Bengaluru

Puravankara Limited Bangalore - 42

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

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.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

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

(g) 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.

(h) 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 on a written down value basis 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.

Costs of assets not ready for use at the balance sheet date are disclosed under intangible assets under development.

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