

Agarwal Prakash & Co.

CHARTERED ACCOUNTANTS

508, Indra Prakash, 21, Barakhamba Road, New Delhi – 110001

Phones : 23730880/1 Fax : 011-43516377

E-mail : contact@apnco.org

INDEPENDENT AUDITOR'S REPORT

To the Members of Sepset Real Estate Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sepset Real Estate Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

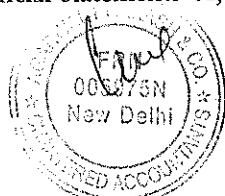
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify



our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

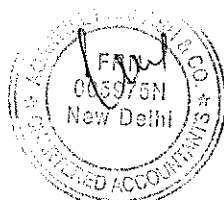
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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 A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

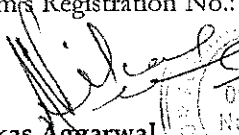
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The financial statements dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as at 31 March 2021 – Refer Note - 38 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.



(h) With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company did not pay any remuneration to its Directors during the year.

For **Agarwal Prakash & Co.**
Chartered Accountants
Firm's Registration No.: 005975N


Vikas Aggarwal
Partner

Membership No. 097848

UDIN: 21097848AAAACZ2492



Place: Gurugram

Date: 17 April 2021

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021, based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

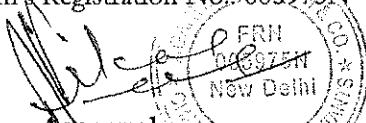
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets.
- (b) The property, plant and equipment and intangible assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment and intangible assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of property, plant and equipment⁷). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained to us, the Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products / services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and services tax on account of any dispute, are as follows:



Name of the statute	Nature of dues	Amount (in hundred)	Amount paid under protest (in hundred)	Period to which the amount relates	Forum where dispute is pending
Income tax	Direct tax demand	15,535.20	-	A.Y 2015-16	Commissioner of Income tax (Appeal)

- (viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any financial institution or debenture-holders during the year. Further, the Company has no loans or borrowings payable to a bank or government during the year.
- (ix) As explained to us, no money raised by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not obtained any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) In our opinion, the provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company as the Company does not pay/provide for any managerial remuneration. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Agarwal Prakash & Co.**
Chartered Accountants
Firm's Registration No.: 005975N


FRN
005975N
New Delhi
AGARWAL PRAKASH & CO. CHARTERED ACCOUNTANTS

Vikas Aggarwal
Partner
Membership No. 097848
UDIN: 21097848AAAACZ2492

Place: Gurugram
Date: 17 April 2021

Annexure B to the Independent Auditor's Report

With reference to the Annexure B referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021 of even date.

Independent Auditor's 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 with reference to financial statements of Sepset Real Estate Limited ('the Company') as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to 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.

Auditors' Responsibility

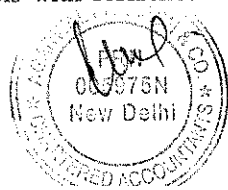
Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements 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 with reference to Financial Statements

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

Opinion

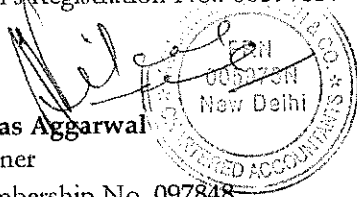
In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAL.

For **Agarwal Prakash & Co.**
Chartered Accountants
Firm's Registration No.: 005975N

Vikas Aggarwal
Partner

Membership No. 097848
UDIN: 21097848AAAACZ2492

Place: Gurugram
Date: 17 April 2021



SEPSET REAL ESTATE LIMITED


All amount in ₹ hundred, unless otherwise stated

Balance Sheet as at	Note	31 March 2021	31 March 2020
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	113,118.21	123,849.51
(b) Intangible assets	7	35.97	165.97
(c) Financial Assets			
Loans	8	5,790.44	5,790.44
Other financial assets	9	-	5,065.82
(d) Deferred tax assets, net	10	203,726.11	243,490.33
(e) Non-current tax assets, net	11	18,566.74	20,454.65
		<u>341,237.47</u>	<u>398,816.72</u>
Current assets			
(a) Inventories	12	19,185,836.42	18,744,140.49
(b) Financial Assets			
Trade receivables	13	72,597.54	59,795.75
Cash and cash equivalents	14	99,621.65	139,567.53
Other bank balances	15	5,065.00	284,809.79
(c) Other current assets	16	214,405.10	214,237.31
		<u>19,577,523.71</u>	<u>19,442,550.87</u>
Total of Assets		<u><u>19,918,761.18</u></u>	<u><u>19,841,367.59</u></u>
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	5,000.00	5,000.00
(b) Other equity		<u>(6,023,651.73)</u>	<u>(6,053,911.57)</u>
		<u><u>(6,018,651.73)</u></u>	<u><u>(6,048,911.57)</u></u>
Liabilities			
Non-current liabilities			
Provisions	18A	10,084.23	9,545.98
		<u>10,084.23</u>	<u>9,545.98</u>
Current liabilities			
(a) Financial liabilities			
Borrowings	19	20,186,580.00	20,241,950.00
Trade payables	20		
-total outstanding dues of micro enterprises and small enterprises		143,663.72	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		439,801.86	433,949.10
Other financial liabilities	21	106,881.93	78,699.78
(b) Other current liabilities	22	5,050,213.10	5,125,972.15
(c) Provisions	18B	188.07	162.15
		<u>25,927,328.68</u>	<u>25,880,733.18</u>
Total of Equity and Liabilities		<u><u>19,918,761.18</u></u>	<u><u>19,841,367.59</u></u>
Summary of significant accounting policies	5		

The accompanying notes are integral part of the financial statements

This is the balance sheet referred to in our report of even date.

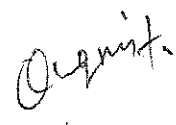
For Agarwal Prakash & Co.
Chartered Accountants
Firm's Registration Number: 005975N


Vikas Agarwal
Partner

Place: Gurugram
Date: 17 April 2021

For and on behalf of board of directors


Dinesh Kumar
Director
[DIN: 07133562]


Ongmit Lepcha
Director
[DIN: 07133404]

SEPSET REAL ESTATE LIMITED

All amount in ₹ hundred, unless otherwise stated

Statement of profit and loss for the

	Note	Year ended 31 March	
		2021	2020
Revenue			
Revenue from operations	23	702,274.05	1,503,471.30
Other income	24	10,629.98	22,912.74
Total of Revenue		712,904.03	1,526,384.04
Expenses			
Cost of revenue	25		
Cost of Materials consumed during the year		983,139.10	1,256,072.21
(Increase)/Decrease in real estate properties		(441,695.93)	(113,478.75)
Employee benefits expense	26	48,497.24	65,195.30
Finance costs	27	904.38	-
Depreciation and amortisation expense	6 & 7	10,861.31	10,922.59
Other expenses	28	36,885.98	135,255.97
Total of Expenses		638,592.08	1,353,967.32
Profit / (loss) before tax		74,311.95	172,416.72
Tax expense	29		
Current tax including earlier year tax adjustment		4,440.09	(186,449.93)
Deferred tax charge/(credit)		39,764.22	95,849.62
Profit/(loss) after tax		30,107.64	263,017.03
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (loss) / gain on defined benefit plan		152.21	(175.45)
Total comprehensive income for the year		30,259.85	262,841.58
Earnings per equity share	30		
Equity share of par value ₹ 10/- each			
Basic (₹)		60.22	526.03
Diluted (₹)		60.22	526.03
Summary of significant accounting policies	5		

The accompanying notes are integral part of the financial statements

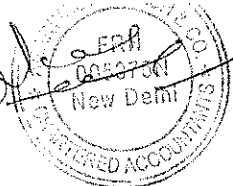
This is the statement of profit and loss referred to in our report of even date

For Agarwal Prakash & Co.

Chartered Accountants

Firm's Registration Number: 005975N

Vikas Aggarwal
Partner



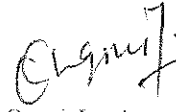
Place: Gurugram
Date: 17 April 2021

For and on behalf of board of directors

Dinesh Kumar
Director
[DIN: 07133562]



Ongmit Lepcha
Director
[DIN: 07133404]



SEPSET REAL ESTATE LIMITED

All amount in ₹ hundred, unless otherwise stated

Statement of Cash Flows	Year ended 31 March	
	2021	2020
A. Cash flow from operating activities:		
Profit before income tax for the year	74,311.95	172,416.72
Adjustments for		
Depreciation and amortisation expense	10,861.31	10,922.59
Interest expense	426.58	-
Interest expense on taxation	477.80	-
Interest income on fixed deposit	(10,582.47)	(3,486.20)
Provision for gratuity and compensated absences	2,052.25	2,153.39
Operating Profit before working capital changes and other adjustments	77,547.42	182,006.50
Working capital changes and other adjustments:		
Trade receivables	(12,801.80)	53,485.77
Loans, other financial assets & other current assets	(165.79)	479,040.60
Inventories	(441,695.93)	(113,478.75)
Trade Payables	149,516.49	(132,200.83)
Other financial liabilities, other liabilities and provisions	(48,912.79)	(289,395.53)
Cash generated from / (used in) operating activities	(276,512.40)	179,457.76
Income tax (paid) / refund received, net	(3,029.98)	175,171.77
Net cash flow from / (used in) operating activities	(279,542.38)	354,629.53
B. Cash flow from investing activities:		
Purchase of property, plant and equipment and other intangible assets	-	(501.50)
Investment / (Redemption) in Fixed Deposits	282,000.00	(282,000.00)
Interest received on fixed deposit receipts	13,393.08	660.68
Net cash flow from/(used in) investing activities	295,393.08	(281,840.82)
C. Cash flow from financing activities: (Refer Note: 39)		
Proceeds from inter-corporate borrowings	2,805,500.00	1,231,200.00
Repayment of borrowings	(2,860,870.00)	(1,197,000.00)
Interest paid on inter-corporate borrowings	(426.58)	-
Net cash flow from/(used in) financing activities	(55,796.58)	34,200.00
D. Increase/ (decrease) in cash and cash equivalents, net	(39,945.88)	106,988.71
E. Cash and cash equivalents at the beginning of the year	139,567.53	32,578.82
F. Cash and cash equivalents at the end of the year	99,621.65	139,567.53
G. Reconciliation of cash and cash equivalents as per cash flows statement		
Cash on hand	-	101.60
Balances with banks		
- In current accounts	99,621.65	139,465.93
- In fixed deposit accounts	-	-
	99,621.65	139,567.53

The accompanying notes form an integral part of the financial statements.

This is the statement of cash flows referred to in our report of even date

For Agarwal Prakash & Co.

Chartered Accountants

Firm's Registration Number: 005975N

Vikas Agarwal
Partner

Place: Gurugram
Date: 17 April 2021

For and on behalf of board of directors

Dinesh Kumar
Director
[DIN: 07133562]

Ongmit Lepcha
Director
[DIN: 07133404]

SEPSET REAL ESTATE LIMITED

Statement of Changes in Equity as at 31 March 2021

(A) Equity share capital*

All amount in ₹ hundred, unless otherwise stated

Particulars	Opening balance as at 01 April 2019	Issue of equity share capital during the year	Balance as at 31 March 2020	Issue of equity share capital during the year	Balance as at 31 March 2021
Equity share capital	5,000.00	-	5,000.00	-	5,000.00

(B) Other equity

Particulars	Reserves and surplus	Other Comprehensive Income	Total
	Retained earnings	Remeasurement of defined benefit plan	
Opening balance as at 01 April 2019	(6,184,853.69)	(89.72)	(6,184,943.41)
Profit for the year	263,017.03	-	263,017.03
An adjustment to the opening balance of retained earnings resulting from change in effective tax rate	(131,809.73)	-	(131,809.73)
Other comprehensive income	-	(175.45)	(175.45)
Balance as at 31 March 2020	(6,053,646.40)	(265.17)	(6,053,911.57)
Profit for the year	30,107.64	-	30,107.64
Other comprehensive income	-	152.21	152.21
Balance as at 31 March 2021	(6,023,538.77)	(112.96)	(6,023,651.73)

*Refer Note - 17 for details

The accompanying notes are integral part of the financial statements

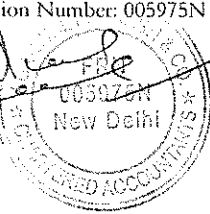
This is the statement of changes in equity referred to in our report of even date.

For Agarwal Prakash & Co.

Chartered Accountants

Firm's Registration Number: 005975N

Vikas Aggarwal
Partner



For and on behalf of the Board of Directors

Dinesh Kumar
Director
{DIN: 07133562}

Ongmit Lepcha
Director
{DIN: 07133404}

Place: Gurugram

Date: 17 April 2021

SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

1. Nature of principal activities

Sepset Real Estate Limited ("the Company") was incorporated on 07 May 2007 and is engaged in the business of real estate and other related and ancillary activities. The Company is domiciled in India and its registered office is situated at M-62 and 63, First Floor, Connaught Place, New Delhi – 110001.

2. General information and statement of compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ("MCA")), as amended and other relevant provisions of the Act.

The Company has uniformly applied the accounting policies during the periods presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 17 April 2021. The revisions to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

Recent accounting pronouncement

MCA vide notification dated 24 March 2021, makes certain amendments related to disclosure requirements in Schedule III of the Companies Act, 2013 which will be effective for financial year starting 01 April 2021.

3. Basis of preparation

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair value.

4. Estimation of uncertainties relating to the global health pandemic from covid-19 (covid-19):

The pandemic of Corona Virus (COVID-19) has caused unprecedented havoc to the economic activity all around the Globe. The complete lock down announced on 24 March 2020 by the Government of India brought the wheels of economic activity to a grinding halt. The operations are slowly and gradually resuming and expected to reach pre – COVID 19 level in due course of time. The Company is continuously and closely observing the unfolding situation and will continue to do so. The Company has considered the possible impact of COVID-19 in preparing the financial results including the recoverable value of its assets and its liquidity position based on internal and external information upto the date of approval of these financial results.

5. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements.

5.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Companies Act 2013. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

5.2 Property, plant and equipment (PPE)

Recognition and initial measurement

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Companies Act, 2013.

Asset class	Useful life
Building – temporary structure	1 year
Plant and machinery	12 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	10 years
Vehicles	8 years

The residual values, useful lives and method of depreciation of are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment initially recognised is derecognised 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 recognised in Statement of Profit and Loss when the asset is de-recognised.

5.3 Financial instruments

Financial assets

Recognition and initial measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

- i. **Debt instruments at amortised cost** – A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Recognition and initial measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted.

Subsequent measurement – Amortised cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Initial and subsequent recognition and measurement – fair value

A financial liability is classified as fair value through profit and loss ('FVTPL') if it is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain/losses, including any interest expense are recognised in statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Compound financial instrument

Optionally convertible debentures are separated into liability and equity components based on the terms of the contract. On issuance of the said instrument, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured. Such instruments are classified as current financial liability if the conversion option vests with the holder.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.4 Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company factors historical trends and forward looking information to assess expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade receivables

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

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition, if the financial asset is determined to have low credit risk at the balance sheet date.

5.5 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

5.6 Inventories

Land other than that transferred to real estate projects under development is valued at lower of cost or net realizable value.

Real estate properties (developed and under development) includes cost of land under development, internal and external development costs, construction costs, and development/construction materials, borrowing costs and related overhead costs and is valued at lower of cost or net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.8 Revenue recognition

Revenue is recognised when control is transferred and is accounted net of rebate and taxes. The Company applies the revenue recognition criteria to each nature of the revenue transaction as set out below.

Revenue from sale of properties and developed plots

Revenue from sale of properties is recognized when the performance obligations are essentially complete and credit risks have been significantly eliminated. The performance obligations are considered to be complete when control over the property has been transferred to the buyer i.e. offer for possession (possession request letter) of properties have been issued to the customers and substantial sales consideration is received from the customers.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring property to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised by the Company when the properties are handed over as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

The costs estimates are reviewed periodically and effect of any change in such estimate is recognized in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognized immediately.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Revenue from sale of land

Revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed and there exists no uncertainty in the ultimate collection of consideration from buyer.

Service revenue

Income from real estate projects advisory services is recognized on accrual basis. Marketing and lease management income are accounted for when the underlying contracts are duly executed, on accrual basis when the services are completed, except in cases where ultimate collection is considered doubtful.

Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method. Interest on delayed receipts, cancellation/forfeiture income and transfer fees from customers are recognized on accrual basis except in cases where ultimate collection is considered doubtful.

Gain on amortised cost financial assets

Gain on de-recognition of amortised cost financial assets is recognised in the year when the entire payment is received against the outstanding balance of amortised cost financial assets.

5.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

5.10 Foreign currency

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

5.11 Income taxes

Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognised in Other Comprehensive Income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in equity).



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit or Loss (either in other comprehensive income or in equity).

5.12 Employee benefits

Defined contribution plan

The Company's contribution to provident fund is charged to the Statement of Profit and Loss or inventorized as a part of real estate project under development, as the case may be. The Company's contributions towards provident fund are deposited with the regional provident fund commissioner under a defined contribution plan.

Defined benefit plan

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Other long-term employee benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Profit and Loss in the year in which such gains or losses arise.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

5.13 Share based payments

Share based compensation benefits are provided to employees via Indiabulls Real Estate Limited ('Holding Company') Employee Stock Option Plans (ESOPs). The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. On the exercise of the employee stock options, the employees of the Company will be allotted Holding Company's equity shares.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

5.14 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed. However, when realization of income is virtually certain, related asset is recognised.

5.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

5.16 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

Impairment of non-financial assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Revenue and inventories – Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This requires forecasts to be made of total budgeted cost with the outcomes of underlying construction and service contracts, which further require assessments and judgements to be made on changes in work scopes, claims



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(compensation, rebates etc.) and other payments to the extent they are probable and they are capable of being reliably measured. For the purpose of making estimates for claims, the Company used the available contractual and historical information. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.



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SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note-6

All amount in ₹ hundred, unless otherwise stated

Property, plant and equipment	Building temporary structure	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Total
Tangible Assets						
Gross carrying amount						
Opening balance as at 01 April 2019	7,549.94	146,019.13	1,687.91	2,299.88	5,871.67	163,428.53
Additions	-	-	-	501.50	-	501.50
Disposals/assets written off	(7,549.94)	-	-	-	-	(7,549.94)
Balance as at 31 March 2020	-	146,019.13	1,687.91	2,801.38	5,871.67	156,380.09
Additions	-	-	-	-	-	-
Disposals/assets written off	-	-	-	-	-	-
Balance as at 31 March 2021	-	146,019.13	1,687.91	2,801.38	5,871.67	156,380.09
Accumulated depreciation						
Opening balance as at 01 April 2019	7,549.94	15,228.25	1,119.24	1,847.53	3,542.97	29,287.93
Charge for the year	-	9,739.94	170.43	298.23	583.99	10,792.59
Adjustments for disposals	(7,549.94)	-	-	-	-	(7,549.94)
Balance as at 31 March 2020	-	24,968.19	1,289.67	2,145.76	4,126.96	32,530.58
Charge for the year	-	9,739.94	168.64	322.16	500.56	10,731.30
Adjustments for disposals	-	-	-	-	-	-
Balance as at 31 March 2021	-	34,708.13	1,458.31	2,467.91	4,627.52	43,261.88
Net carrying value as at 31 March 2020	-	121,050.94	398.24	655.62	1,744.71	123,849.51
Net carrying value as at 31 March 2021	-	111,311.00	229.60	333.47	1,244.15	113,118.21



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Note-7

Intangible assets

	Software	Total
Gross carrying amount		
Opening balance as at 01 April 2019	1,224.80	1,224.80
Additions	-	-
Disposals/assets written off	-	-
Balance as at 31 March 2020	1,224.80	1,224.80
Additions	-	-
Disposals/assets written off	-	-
Balance as at 31 March 2021	1,224.80	1,224.80
Accumulated depreciation		
Opening balance as at 01 April 2019	928.83	928.83
Charge for the year	130.00	130.00
Adjustments for disposals	-	-
Balance as at 31 March 2020	1,058.83	1,058.83
Charge for the year	130.00	130.00
Adjustments for disposals	-	-
Balance as at 31 March 2021	1,188.83	1,188.83
Net carrying value as at 31 March 2020	165.97	165.97
Net carrying value as at 31 March 2021	35.97	35.97



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

	As at 31 March 2021	As at 31 March 2020
Note - 8		
Loans - non current		
(Unsecured, considered good)		
Security deposits	5,790.44	5,790.44
	<u>5,790.44</u>	<u>5,790.44</u>
Note - 9		
Other financial assets - non-current		
Bank deposits with maturity of more than 12 months	-	5,000.00
Interest Accrued on bank deposits	-	65.82
	<u>-</u>	<u>5,065.82</u>

Fixed deposits of ₹ 5,000.00 hundred (excluding accrued interest) refer note 15) (31 March 2020: ₹ 5,000.00 hundred (excluding accrued interest) has been marked as lien towards fire NOC for project to Municipal Corporation of Jodhpur.

Note - 10

Deferred tax assets, net

Deferred tax asset arising on account of :

Provision of employee benefits	2,585.33	2,443.34
Ind AS transition adjustments	203,816.52	246,418.36
Property, plant and equipment and intangible assets	(2,675.74)	(5,371.37)
	<u>203,726.11</u>	<u>243,490.33</u>

(ii) Caption wise movement in deferred tax assets as follows:

Particulars	01 April 2019	Recognised/ (reversed) in retained earning	Recognised / reversed in profit and loss	31 March 2020
Deferred tax assets arising on:				
Property, plant and equipment and intangible assets	(4,750.45)	-	(620.92)	(5,371.37)
Employee benefits	2,553.82	-	(110.48)	2,443.34
Ind AS transition adjustments	473,346.32	(131,809.73)	(95,118.22)	246,418.36
Total	471,149.69	(131,809.73)	(95,849.62)	243,490.33

Particulars	31 March 2020	Recognised/ (reversed) in retained earning	Recognised / reversed in profit and loss	31 March 2021
Deferred tax assets arising on:				
Property, plant and equipment and intangible assets	(5,371.37)	-	2,695.63	(2,675.74)
Employee benefits	2,443.34	-	141.99	2,585.33
Ind AS transition adjustments	246,418.36	-	(42,601.84)	203,816.52
Total	243,490.33	-	(39,764.22)	203,726.11



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

	<i>All amount in ₹ hundred, unless otherwise stated</i>	
	As at 31 March 2021	As at 31 March 2020
Note - 11		
Non-current tax assets, net		
Advance income tax, including tax deducted at source	18,566.74	20,454.65
	<u>18,566.74</u>	<u>20,454.65</u>
Note - 12		
Inventories		
A Real estate properties - developed (at cost)		
Cost of developed properties	19,897,349.65	18,622,968.32
Add: Cost incurred during the year	1,007,214.98	1,274,381.33
Less: Cost of revenue recognized till date	(1,751,279.39)	(1,209,836.23)
	<u>19,153,285.24</u>	<u>18,687,513.42</u>
B Construction materials in stock (at cost)	32,551.18	56,627.07
	<u>19,185,836.42</u>	<u>18,744,140.49</u>
<p>#The company along with its fellow subsidiaries has created exclusive charge by way of equitable mortgage on the inventory(alongwith book debt & other) situated at Jodhpur, Rajasthan against term loan of Nil (31 March 2020: ₹ 100,000,000.00 hundred) raised by the ultimate holding company- Indiabulls Real Estate Limited.</p>		
Note - 13		
Trade receivables*		
(Unsecured, considered good)		
Trade receivables	72,597.54	59,795.75
	<u>72,597.54</u>	<u>59,795.75</u>
<p>* The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.</p>		
Note - 14		
Cash and cash equivalents		
Cash on hand	-	101.60
Balances with banks		
In current accounts	99,621.65	139,465.93
Bank deposits with original maturity upto three months	-	-
Interest Accrued on bank deposits	-	-
	<u>99,621.65</u>	<u>139,567.53</u>
Note - 15		
Other bank balances		
Bank deposits*		
With maturity of more than three months and upto twelve months	5,000.00	282,000.00
With maturity of more than twelve months	-	5,000.00
	<u>5,000.00</u>	<u>287,000.00</u>
Less: Non-current bank balances in fixed deposit accounts	-	5,000.00
	<u>5,000.00</u>	<u>282,000.00</u>
Interest Accrued on bank deposits	65.00	2,809.79
	<u>5,065.00</u>	<u>284,809.79</u>

* Fixed deposits of ₹ 5,000.00 hundred (excluding accrued interest) (31 March 2020: ₹ 5,000.00 hundred (excluding accrued interest) refer note 9) has been marked as lien towards fire NOC for project to Municipal Corporation of Jodhpur.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

	As at	
	31 March 2021	31 March 2020
Note - 16		
Other current assets		
(Unsecured, considered good)		
Advance to employees	1,149.79	1,314.08
Mobilization advances	32,789.02	38,517.90
Advance to suppliers/service providers	171,840.05	1,65,804.66
Prepaid expenses	8,624.24	8,600.67
	214,403.10	2,14,237.31

Note - 17

Equity share capital

i Authorised	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity share capital of face value of ₹ 10 each	50,000	5,000.00	50,000	5,000.00
	50,000	5,000.00	50,000	5,000.00
ii Issued, subscribed and fully paid up				
Equity share capital of face value of ₹ 10 each fully paid up	50,000	5,000.00	50,000	5,000.00
	50,000	5,000.00	50,000	5,000.00
iii Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	50,000	5,000.00	50,000	5,000.00
Add: Issued during the year	-	-	-	-
Less: Redeemed during the year	-	-	-	-
Balance at the end of the year	50,000	5,000.00	50,000	5,000.00

iv **Rights, preferences and restrictions attached to equity and preference shares**

The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, the remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. All shares rank equally with regard to the Company's residual assets.

v The entire share capital 50,000 equity share of the company is held by Lorita Developers Limited and its nominees.

vi **Details of shareholder holding more than 5% share capital**

Name of the equity shareholder	Number of shares	Number of shares
Lorita Developers Limited (including nominee shares)	50,000	50,000

vii Company does not have any shares issued for consideration other than cash during the immediately preceding five years. Company did not buy back any shares during immediately preceding five years.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

	As at 31 March 2021	As at 31 March 2020
Note - 18		
A Provisions - non-current		
Provision for employee benefits:		
Gratuity (refer note 35)	7,554.33	7,309.46
Compensated absences (refer note 35)	2,529.90	2,236.52
	<u>10,084.23</u>	<u>9,545.98</u>
B Provisions - current		
Provision for employee benefits:		
Gratuity (refer note 35)	124.63	103.93
Compensated absences (refer note 35)	63.44	58.22
	<u>188.07</u>	<u>162.15</u>
Note - 19		
Borrowings - current		
Unsecured loans		
Loans and advances from related parties	<u>20,186,580.00</u>	<u>20,241,950.00</u>
	<u>20,186,580.00</u>	<u>20,241,950.00</u>
Note - 20		
Trade payables - current		
-total outstanding dues of micro enterprises and small enterprises*	143,663.72	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	439,801.86	433,949.10
	<u>583,465.58</u>	<u>433,949.10</u>

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSME Act, 2006") as at :-

Particulars	31 March 2021 (₹)	31 March 2020 (₹)
i) the principal amount remaining unpaid to any supplier as at the end of each accounting year;	143,663.72	-
ii) interest due thereon	Nil	Nil
iii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iv) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
v) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note - 21

Other financial liabilities - current

Security deposits	5,000.00	5,000.00
Expenses payable	101,881.93	73,699.78
	<u>106,881.93</u>	<u>78,699.78</u>

Note - 22

Other current liabilities

Payable to statutory authorities	64,446.49	82,759.75
Advance from customers	4,985,766.61	5,043,212.40
	<u>5,050,213.10</u>	<u>5,125,972.15</u>



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

	31 March 2021	31 March 2020
Note - 23		
Revenue from operations		
Revenue from real estate properties	688,163.62	1,499,374.75
Service and forfeiture receipts	14,110.43	4,096.55
	<u>702,274.05</u>	<u>1,503,471.30</u>
Note - 24		
Other income		
Interest income on fixed deposits	10,582.47	3,486.20
Interest income on income tax refund	47.26	17,641.80
Miscellaneous income	0.25	1,784.74
	<u>10,629.98</u>	<u>22,912.74</u>
Note - 25		
Cost of revenue		
Cost incurred during the year	983,139.10	1,256,072.21
(Increase)/decrease in real estate project properties		
Opening stock	18,744,140.49	18,630,661.74
Closing stock	(19,185,836.42)	(18,744,140.49)
	<u>541,443.17</u>	<u>1,142,593.46</u>
Note - 26		
Employee benefits expense		
Salaries and wages	46,444.99	61,332.96
Gratuity and leave encashment (Refer note 35)	2,052.25	2,153.39
Staff welfare expenses	-	909.03
Bonus and ex-gratia	-	799.92
	<u>48,497.24</u>	<u>65,195.30</u>
Note - 27		
Finance costs		
Interest expenses on taxation	477.80	-
Interest on inter-corporate deposits	426.58	-
	<u>904.38</u>	<u>-</u>
Note - 28		
Other expenses		
Bank charges	2.03	16.44
Auditor's remuneration - as auditor (refer note (f) below)	590.00	2,568.00
Communication expenses	342.53	856.92
Legal and professional charges	2,964.16	7,743.00
Printing and stationery	-	208.74
Rates and taxes	2,631.33	13,690.07
Rent expenses	-	4,800.00
Repairs and maintenance		
Others	-	1,863.83
Brokerage and marketing expenses	25,505.32	87,656.61
Traveling and conveyance expenses	410.74	10,457.06
Miscellaneous expenses	0.61	1,038.89
Customer incentive and other charges	4,439.26	4,356.41
	<u>36,885.98</u>	<u>135,255.97</u>



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

	31 March 2021	31 March 2020
(i) Details of Auditor's remuneration		
Auditor's remuneration		
Audit fee	590.00	2,568.00
	<u>590.00</u>	<u>2,568.00</u>
Note - 29		
Income tax		
Tax expense comprises of:		
Current tax	-	-
Deferred tax	39,764.22	95,849.62
Adjustment for earlier year taxes	4,440.09	(186,449.93)
Income tax expense reported in the statement of profit and loss	<u>44,204.31</u>	<u>(90,600.31)</u>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% and previous year 25.168% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Accounting profit before tax from continuing operations	74,311.95	172,416.72
Accounting profit before income tax	<u>74,311.95</u>	<u>172,416.72</u>
Effective tax rate	25.168%	25.168%
At India's statutory income tax rate	18,702.83	43,395.84
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact on account of changes in income tax rate	-	(599.17)
Reversal of deferred tax asset on 'Margin reversal on adoption of Ind AS 115'	42,601.84	95,118.22
Tax impact on account of brought forward losses setoff	(17,457.45)	(42,063.27)
Deferred tax on account of timing differences	(4,083.01)	-
Adjustment of tax relating to earlier periods	4,440.09	(186,449.93)
	<u>44,204.31</u>	<u>(90,600.31)</u>

The company has unabsorbed business losses of ₹ 107,232.28 hundred (31 March 2020: ₹ 467,855.04 hundred) on which no deferred tax asset is created as there is no convincing evidence which demonstrates probability of realization of deferred tax asset in the near future.

Note - 30

Earnings per share (EPS)

The Company's Earnings per Share ("EPS") is determined based on the net profit attributable to the shareholders. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

The following reflects the income and share data used in the basic and diluted EPS computations:

Profit / (Loss) attributable to equity holders for basic earnings	30,107.64	263,017.03
Profit / (loss) attributable to equity holders of the parent adjusted for the effect of dilution	30,107.64	263,017.03
Weighted average number of equity shares for basic earning per share	50,000	50,000
Weighted average number of Equity shares adjusted for the effect of dilution *	50,000	50,000

*No transaction is there which have impacted the calculation of weighted average number of shares. No other transaction involving Equity shares or potential Equity shares is there between the reporting date and the date of authorisation of these financial statements.

Earnings per equity share

(1) Basic (₹)	60.22	526.03
(2) Diluted (₹)	60.22	526.03



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Note - 31

All amount in ₹ hundred, unless otherwise stated

A) Financial Instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

Particulars	31 March 2021			31 March 2020		
	FVTPL (See note 1 below)	FVOCI (See note 2 below)	Amortised cost	FVTPL (See note 1 below)	FVOCI (See note 2 below)	Amortised cost
Financial assets						
Trade receivables	-	-	72,597.54	-	-	59,795.75
Cash and cash equivalents	-	-	99,621.65	-	-	139,567.53
Other bank balances	-	-	5,065.00	-	-	284,809.79
Loans (security deposits)	-	-	5,790.44	-	-	5,790.44
Other financial assets	-	-	-	-	-	5,065.82
Total financial assets	-	-	183,074.63	-	-	495,029.33

Notes

1. These financial assets are mandatorily measured at fair value through profit and loss.
2. These financial assets represent investments in equity instruments designated as such upon initial recognition.

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Borrowings (including interest accrued)	-	-	20,186,580.00	-	-	20,241,950.00
Trade payables	-	-	583,465.58	-	-	433,949.10
Other financial liabilities	-	-	106,881.93	-	-	78,699.78
Total financial liabilities	-	-	20,876,927.51	-	-	20,754,598.88

B) Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Company does not have any financial assets and financial liabilities that are required to be measured at fair value so no analysis has been shown for fair value measurements.

(ii) Financial instruments measured at amortised cost

Financial instruments measured at amortised cost for which the carrying value is the fair value.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Note - 32

Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's risk management is carried out by the the board of directors. The board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(A) Credit risk

Credit risk refers to the risk default on its obligation by the counterparty resulting in a financial loss. Maximum exposure to credit risk primarily comes from trade receivables and unbilled revenue. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit rating assigned by international and domestic credit rating agencies.

a) Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Entity classifies its financial assets into the following categories based on the assumptions, inputs and factors specific to the class of financial assets.

- A: Low credit risk
- B: Moderate credit risk
- C: High credit risk

Assets under credit risk –

Credit rating	Particulars	31 March 2021	31 March 2020
A	Cash and Cash Equivalents	99,621.65	139,567.53
A	Trade receivables	72,597.54	59,795.75
A	Loan (security deposits)	5,790.44	5,790.44
A	Other bank balances	5,065.00	284,809.79
A	Other financial assets	-	5,065.82

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

b) Credit risk exposure

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets –

As at 31 March 2021

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	99,621.65	-	99,621.65
Other bank balances	5,065.00	-	5,065.00
Loan (security deposits)	5,790.44	-	5,790.44
Trade receivables	72,597.54	-	72,597.54

As at 31 March 2020

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	139,567.53	-	139,567.53
Other bank balances	284,809.79	-	284,809.79
Loan (security deposits)	5,790.44	-	5,790.44
Trade receivables	59,795.75	-	59,795.75
Other financial assets	5,065.82	-	5,065.82

Expected credit loss for trade receivables under simplified approach

The Company's trade receivables are against sale of Real Estate Project. It is company's policy to handover the possession of Real estate Unit only on clearance of Complete dues in respect of the said real estate unit. The company monitors receivable balances on an ongoing basis.

Company's policy to handover the possession post clearance of dues in respect of the property, eliminates company's credit risk towards receivable.

Reconciliation of loss provision – trade receivables

Reconciliation of loss allowance	Trade receivables
Loss allowance on 31 March 2020	-
Impairment loss recognised/reversed during the year	-
Loss allowance on 31 March 2021	-



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

(B) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Company also have an option to arrange funds by taking loans and borrowing from Holding Company/Ultimate Holding Company/Fellow Subsidiary company. Accordingly no liquidity risk is being perceived.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years	Total
Non-derivatives						
Borrowings	20,186,580.00	-	-	-	-	20,186,580.00
Trade Payables	583,465.58	-	-	-	-	583,465.58
Other Financials Liabilities	106,881.93	-	-	-	-	106,881.93
Total	20,876,927.51	-	-	-	-	20,876,927.51

31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years	Total
Non-derivatives						
Borrowings	20,241,950.00	-	-	-	-	20,241,950.00
Trade Payables	433,949.10	-	-	-	-	433,949.10
Other Financials Liabilities	78,699.78	-	-	-	-	78,699.78
Total	20,754,598.88	-	-	-	-	20,754,598.88

(C) Market risk

Foreign exchange risk

Company does not have any foreign currency risks and therefore sensitivity analysis has not been shown.

Interest rate risk

Company does not have any interest rate risks and therefore sensitivity analysis has not been shown.

Price risk

Company does not have any price risk



Note - 33

Revenue related disclosures

A Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contracts with customers		
(i) Revenue from operations- Revenue from sale of properties and developed plots	688,163.62	1,499,374.75
(ii) Other operating income (income from advisory services and service receipts)	14,110.43	4,096.55
Total revenue covered under Ind AS 115	702,274.05	1,503,471.30

B Contract balances

The following table provides information about receivables, assets and contract liabilities from contract with customers:

Particulars	As at 31 March 2021	As at 31 March 2020
Contract liabilities		
Advance from customers	4,985,766.61	5,043,212.40
Total contract liabilities	4,985,766.61	5,043,212.40
Receivables		
Trade receivables	72,597.54	59,795.75
Total receivables	72,597.54	59,795.75

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets (unbilled receivables) are transferred to receivables when the rights become unconditional and contract liabilities are recognised as and when the performance obligation is satisfied.

C Significant changes in the contract liabilities balances during the year are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
	Contract liabilities	Contract liabilities
	Advances from customers	Advances from customers
Opening balance	5,043,212.40	5,437,760.62
Addition/(refund) during the year	558,120.29	1,045,030.78
Adjustment on account of revenue recognised during the year	(615,566.08)	(1,439,579.00)
Closing balance	4,985,766.61	5,043,212.40

D The aggregate amount of transaction price allocated to the unsatisfied performance obligations as at 31 March 2021 is ₹ 4,985,766.61 (31 March 2020 ₹ 5,043,212.40). This balance represents the advance received from customers (gross) against real estate properties under development. The management expects to further bill and collect the remaining balance of total consideration in the coming years. These balances will be recognized as revenue in future years as per the policy of the Company.

E Reconciliation of revenue recognised with contract revenue:

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Contract revenue	688,163.62	1,499,374.75
Revenue recognised	688,163.62	1,499,374.75



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Note – 34

Capital management

The Company's objectives when managing capital are:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company manages its capital requirements by reviewing its net debt position, where net debt is equal to non-current borrowing (including current maturities of non-current borrowings) and short-term borrowing net of cash and cash equivalent and other bank balances.

Note - 35

Employee benefits

Defined Benefit Plan

The Company has the following Defined Benefit Plans:

- Gratuity (Unfunded)
- Compensated absences (Unfunded)

Risks associated with plan provisions

Discount rate risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual death & liability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary risk	Actual salary increase will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawal risk	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Compensated absences

The leave obligations cover the Company's liability for sick and earned leaves. The amount of provision of ₹ 63.44 hundred (31 March 2020 - ₹ 58.22 hundred) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Actuarial (Gain)/Loss on obligation:

	31 March 21	31 March 20
Actuarial (gain)/loss on arising from change in demographic assumptions	-	(1.14)
Actuarial (gain)/loss on arising from change in financial assumptions	66.42	254.86
Actuarial (gain)/loss on arising from change in experience assumptions	(394.57)	(501.56)

Amount recognized in the statement of profit and loss is as under:

	31 March 21	31 March 20
Service cost	466.35	496.90
Net Interest cost	160.40	146.43
Actuarial (gain)/loss for the year	(328.15)	(247.84)
Expense recognized in the statement of profit and loss	298.60	395.49

Movement in the liability recognized in the balance sheet is as under:

	31 March 21	31 March 20
Present value of defined benefit obligation at the beginning of the year	2294.74	1,899.25
Present value of defined benefit obligation received for employees transferred to the Company	-	-
Current service cost	466.35	496.90
Interest cost	160.40	146.43
Actuarial (gain)/loss, net	(328.15)	(247.84)
Benefits paid	-	-
Present value of defined benefit obligation at the end of the year	2,593.34	2,294.74
- Current	63.44	58.22
- Non-Current	2,529.90	2,236.52

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	Compensated absences	
	31 March 21	31 March 20
Discount rate	6.83%	6.99%
Salary escalation rate	5.50%	5.50%
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

As the Company does not have any plan assets, the movement of present value of defined benefit obligation and fair value of plan assets has not been presented.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Maturity plan of Defined Benefit Obligation

	Year	31 March 21	Year	31 March 20
a)	April 2021 - March 2022	63.44	April 2020 - March 2021	59.80
b)	April 2022 - March 2023	54.10	April 2021 - March 2022	52.83
c)	April 2023 - March 2024	53.38	April 2022 - March 2023	54.94
d)	April 2024 - March 2025	51.41	April 2023 - March 2024	57.97
e)	April 2025 - March 2026	50.86	April 2024 - March 2025	59.68
f)	April 2026 - March 2027	48.81	April 2025 - March 2026	63.17
g)	April 2027 onwards	2,771.34	April 2026 onwards	4,354.95

Sensitivity analysis for compensated absences liability

		31 March 21	31 March 20
Impact of the change in discount rate			
	Present value of obligation at the end of the year	2,593.34	2,294.74
a)	Impact due to increase of 0.50 %	(201.97)	(182.63)
b)	Impact due to decrease of 0.50 %	220.91	200.01
Impact of the change in salary increase			
	Present value of obligation at the end of the year	2,593.34	2,294.74
a)	Impact due to increase of 0.50 %	223.79	203.12
b)	Impact due to decrease of 0.50 %	(203.34)	(183.95)

Sensitivities due to mortality and withdrawal are not material & hence impact of change not calculated.

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan.

Actuarial gain/(loss) recognized in other comprehensive income

	31 March 21	31 March 20
Actuarial (gain)/loss on arising from change in demographic assumptions	-	-
Actuarial (gain)/loss on arising from change in financial assumptions	-	-
Actuarial (gain)/loss on arising from change in experience assumptions	152.21	(175.45)

Amount recognized in the statement of profit and loss is as under:

	31 March 20	31 March 21	31 March 20
Service cost		1,235.45	1,335.39
Net Interest cost		518.20	422.51
Expense recognized in the statement of profit and loss		1,753.65	1,757.90



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Movement in the liability recognized in the balance sheet is as under:

	31 March 21	31 March 20
Present value of defined benefit obligation at the beginning of the year	7,413.39	5,480.04
Present value of defined benefit obligation received for employees transferred to the Company	-	-
Current service cost	1,235.45	1,335.39
Interest cost	518.20	422.51
Actuarial (gain)/loss, net	(152.21)	175.45
Benefits paid	(1335.87)	-
Present value of defined benefit obligation at the end of the year	7,678.96	7,413.39
- Current	124.63	103.93
- Non- Current	7,554.33	7,309.46

Particulars	Gratuity	
	31 March 21	31 March 20
Discount rate	6.83%	6.99%
Salary escalation rate	5.50%	5.25%
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

As the Company does not have any plan assets, the movement of present value of defined benefit obligation and fair value of plan assets has not been presented.

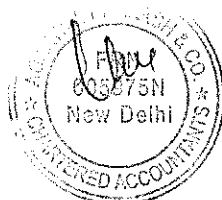
These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Maturity plan of Defined Benefit Obligation

	Year	31 March 21	Year	31 March 20
a)	April 2021 - March 2022	124.63	April 2020 - March 2021	106.75
b)	April 2022 - March 2023	156.56	April 2021 - March 2022	122.29
c)	April 2023 - March 2024	154.94	April 2022 - March 2023	165.24
d)	April 2024 - March 2025	150.46	April 2023 - March 2024	175.52
e)	April 2025 - March 2026	149.22	April 2024 - March 2025	183.93
f)	April 2026 - March 2027	144.93	April 2025 - March 2026	195.85
g)	April 2027 onwards	6,798.22	April 2026 onwards	14,415.48

Sensitivity analysis for gratuity liability

		31 March 21	31 March 20
Impact of the change in discount rate			
	Present value of obligation at the end of the year	7,678.96	7,413.39
a)	Impact due to increase of 0.50 %	(555.98)	(541.27)
b)	Impact due to decrease of 0.50 %	615.19	598.80



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Impact of the change in salary increase			
	Present value of obligation at the end of the year	7,678.96	7,413.39
a)	Impact due to increase of 0.50 %	620.27	604.69
b)	Impact due to decrease of 0.50 %	(565.19)	(551.03)

Sensitivities due to mortality and withdrawal are not material & hence impact of change not calculated.

Note – 36

Provident Fund

The Hon'ble Supreme Court of India has passed a judgement dated 28 February 2019 and it was held that basic wages, for the purpose of provident fund, to include allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Currently, the Company has not considered any impact in these financial statements.

Note – 37

a) Name and nature of relationship with related parties:

Related party transactions

Relationship	Name of the related parties
<i>Related parties exercising control</i>	
Ultimate Holding company	Indiabulls Real Estate Limited
Holding company	Lorita Developers Limited
<i>Other related parties</i>	
Fellow Subsidiaries*	Indiabulls Constructions Limited Indiabulls Projects Limited

* With whom transactions have been made during the year/period.

b) Statement of material transaction with related parties:

Particulars	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
Loans & advances Taken / (repaid), net		
Fellow Subsidiary:		
- Indiabulls Constructions Limited	(1,785,370.00)	34,200.00
- Indiabulls Projects Limited	1,730,000.00	-
Interest Expenses		
Fellow Subsidiary:		
- Indiabulls Projects Limited	426.58	-



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

c) Statement of balances outstanding:

Particulars	As at 31 March, 2021	As at 31 March, 2020
<i>Loans & advances from</i>		
<i>Fellow Subsidiary:</i>		
- Indiabulls Projects Limited	1,730,000.00	-
- Indiabulls Constructions Limited	18,456,580.00	20,241,950.00

Note – 38

Contingent liabilities and commitments

Contingent liabilities, not acknowledged as debt include:

Particulars	31 March 2021	31 March 2020
Income tax demand in respect of which appeals have been filed for A.Y 2015-16	15,535.20	15,535.20

The Company has certain litigations pending in which the management does not expect any unfavourable outcome resulting in material adverse effect on the financial statements.

The company along with its fellow subsidiaries has given corporate guarantee for the secured term loan borrowed by the ultimate holding company – Indiabulls Real Estate Limited. Outstanding amount of loan as on 31 March 2021 is ₹ Nil (31 March 2020: ₹ 100,000,000.00 hundred).

There are no other contingent liabilities and commitments to be reported 31 March 2021 and 31 March 2020.

Note – 39

Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Current borrowings	Total
Net debt as at 01 April 2019	20,207,750.00	20,207,750.00
Proceeds from current/non-current borrowings (including current maturities)	1,231,200.00	1,231,200.00
Repayment of current/non-current borrowings (including current maturities)	(1,197,000.00)	(1,197,000.00)
Interest expense incurred	-	-
Interest expense paid	-	-
Net debt as at 31 March 2020	20,241,950.00	20,241,950.00
Proceeds from current/non-current borrowings (including current maturities)	2,805,500.00	2,805,500.00
Repayment of current/non-current borrowings (including current maturities)	2,860,870.00	2,860,870.00
Interest expense incurred	426.58	426.58
Interest expense paid	(426.58)	(426.58)
Net debt as at 31 March 2021	20,186,580.00	20,186,580.00



SEPSET REAL ESTATE LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

All amount in ₹ hundred, unless otherwise stated

Note – 40

Segmental information

The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e. purchase, sale, dealing, real estate project advisory, construction and development of real estate projects and all other related activities which as per Ind AS 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company derives its major revenues from construction and development of real estate projects and its customers are widespread. The Company is operating in India which is considered as a single geographical segment.

Note – 41

Share Based Payment:

Effective 01 April 2017, the company adopted the amendment of Ind AS 102 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of amendment did not have any material effect on the financial statements.

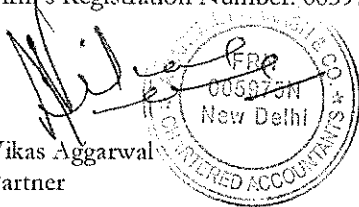
Note – 42

Other matters

- The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
- In respect of amounts as mentioned under Section 125 of the Companies Act, 2013, there were no dues required to be credited to the Investor Education and Protection Fund as at 31 March 2021 and 31 March 2020.
- In the opinion of the Board of Directors, all current assets and long term loans & advances, appearing in the balance sheet as at 31 March 2021, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount at which they are stated in the financial statements. In the opinion of the board of directors, no provision is required to be made against the recoverability of these balances.

For Agarwal Prakash & Co.
Chartered Accountants
Firm's Registration Number: 005975N

Vikas Aggarwal
Partner



For and on behalf of the Board of Directors

Dinesh Kumar
Director
[DIN: 07133562]

Ongmit Lepcha
Director
[DIN: 07133404]

Place: Gurugram
Date: 17 April 2021