E-CITY PROJECTS CONSTRUCTION PRIVATE LIMITED

Balance Sheet as at 31st March 2014

		Note No.	AS AT 31st MARCH 2014 Rs.	AS AT 31st MARCH 2013 Rs.
I	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**	3		
(a)	Share Capital	3.1	82,117,000	82,117,000
(b)	Reserves & Surplus	3.2	1,614,828,186	(169,802,298)
			1,696,945,186	(87,685,298)
(2)	**Non-current liabilities**	4		
(a)	Long Term Borrowings	4.1	666,280,393	645,535,095
(b)	Deferred Tax Liabilities (Net)	4.2	-	4,038,993
(c)	Other Long Term Liabilities	4.3	91,712,201	41,492,040
			757,992,594	691,066,128
(3)	**Current Liabilities**	5		
(a)	Trade Payables	5.1	40,106,907	20,682,540
(b)	Other Current Liabilities	5.2	124,388,983	159,482,735
(c)	Short Term Provisions	5.3	96,049	96,049
			164,591,939	180,261,324
	Total		2,619,529,718	783,642,154
II	**ASSETS**			
(1)	**Non-current assets**	6		
(a)	**Fixed Assets**	6.1		
	(i) Tangible Assets		2,509,105,876	718,010,350
	(ii) Intangible Assets		137,011	318,862
	(iii) Capital Work in Progress		8,904,347	4,604,740
			2,518,147,234	722,933,952
(b)	Non Current Investments	6.2	-	-
(c)	Long Term Loans and Advances	6.3	20,223,702	16,932,362
(d)	Other Non-Current Assets	6.4	8,754,169	1,594,925
			2,547,125,105	741,461,239
(2)	**Current Assets**	7		
(a)	Inventories	7.1	61,250	35,038
(b)	Trade receivables	7.2	44,560,881	20,194,457
(c)	Cash and cash equivalents	7.3	23,267,697	11,921,947
(d)	Short Term Loans and Advances	7.4	1,650,963	2,348,414
(e)	Other Current Assets	7.5	2,863,823	7,681,058
			72,404,613	42,180,915
	Total		2,619,529,718	783,642,154

See accompanying notes forming part of the financial statement

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

R. Salivati
Partner

Mumbai
Dated: 16/6/14

For and on behalf of the Board

Girish Pande
Director

Pratik mehta
Pratik Mehta
Director

DELOITTE HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Notes Annexed to and forming part of Balance Sheet as at 31st March 2014, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date.

1. COMPANY OVERVIEW:

E-City Projects Construction Pvt. Ltd. is engaged in the business of acquiring immovable properties and constructing, developing and building "Family Entertainment Centre cum malls" across India and leasing (short term and long term), licensing, renting and managing, operating and running the same for commercial use and setting up necessary infrastructure.

2. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation of Financial Statements:

a) The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) as adopted consistently by the Company.

b) The Company follows mercantile System of accounting and recognises significant items of income and expenditure on accrual basis under the historical cost convention.

B. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which results are known or materialised.

C.Tangible Fixed Assets:

Fixed Assets are stated at cost and includes amount added on revaluation, less accumulated depreciation and impairment losses, if any. The cost represents cost of acquisition and other incidental expenses related to acquisition, construction and installations and any directly attributable cost of bringing the assets in its working condition for its intended use. All costs including financing cost till such assets are ready for their intended use are capitalised.

D. Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer Software which is capitalised are amortised over a period of 5 years on straight-line basis.

E. Depreciation and Amortisation:

a) Premium on leasehold land / Building on leasehold land are amortized over the period of lease on a straight-line basis.

b) Depreciation on all other fixed assets is provided on Straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

c) Depreciation on assets valued below Rs.5,000 are fully provided for in the year of acquisition.

DELOITTE HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

F. Expenditure on new projects and substantial expansion:

The capital expenditure on the new projects and on expansion of existing projects which are directly related to such activities is capitalised. The indirect expenditure on new project and on expansion is capitalised to the extent expenditure is related to such activity or is incidental thereto. Other indirect expenditure (including borrowing cost) incurred during the construction period, which is neither related to new project or expansion of existing project nor incidental thereto is charged to Statement of Profit and Loss.

G. Lease

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

H. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets

I. Investments:

Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is made when in management's opinion there is a decline, other than temporary, in the carrying value of such investments, determined separately for each individual investment. Current investments are carried at lower of cost and fair value.

J. Foreign Currency Transactions:

a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.
b) Any income or expenses on account of exchange difference either on settlement or translation is recognised in the Statement of Profit and Loss.

K. Inventories:

Stock of stores and spares is valued at lower of cost and net realisable value. Cost was determined on weighted average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

DELOITTE HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

L. Revenues:

a) Lease Rentals, License fees and income from operation of commercial complexes are recognised over the tenure of the lease/license agreement.
b) Common area maintenance charges in respect of commercial complex are also recovered along with lease rental and license fees.
c) Advertisement and sponsorship revenue is net of Advertisement Tax and Service Tax and is recognised on event or exhibition of advertisement.
d) Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection.

M. Employees Benefits:

i) Post Employment Plans

Contributions to defined contribution (Provident Fund) retirement benefit schemes are recognised as expenses when employees have rendered services entitling them to contribution.

ii) Short term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employees renders the services. These include performance incentives.

iii) Long term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as liability at the present value of the defined benefit obligation at the balance sheet date.

N. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, development or construction of assets, which takes substantial period of time to get ready for intended use, are capitalised as part of cost of such assets. All other borrowing costs are charged to revenue. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

O. Provision for Income Tax:

Provision for current tax is made after taking into account benefits admissible under the provisions of the Income Tax Act. Deferred tax resulting from "timing difference" between book and taxable profits for the year is measured based on tax rates and the tax laws that are enacted or substantively enacted at the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

P. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

DELOITTE HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	AS AT 31st MARCH 2014 Rs.	AS AT 31st MARCH 2013 Rs.
Note No: 3.1		
Share Capital		
Note No: 3.1a		
AUTHORISED:		
8,500,000 (P.Y. 8,500,000) Equity Shares of Rs.10 each	**85,000,000**	85,000,000
2,500,000 (P.Y. 2,500,000) Preference Shares of Rs.10 Each	**25,000,000**	25,000,000
	110,000,000	110,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP :		
8,211,700 (P. Y. 8,211,700) Equity Shares of Rs.10 each fully paid-up	**82,117,000**	82,117,000
	82,117,000	82,117,000

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares in proportion to their holdings, will be entitled to receive remaining assets of the Company, after distribution of all preferential payments.

Note No: 3.1b

Details of shares held by the holding company and its subsidiary :

Particulars	No. of Shares	No. of Shares
E-City Investments & Holdings Co. Pvt. Ltd. - The Holding Company	**8,068,333**	8,068,333
E-City Realty Holdings Pvt. Ltd.-Subsidiary of the Holding Company	**143,367**	143,367

Note No: 3.1c

Details of shares held by each shareholder holding more than 5% of shares :

	As at 31st March, 2014		As at 31st March, 2013	
Particulars	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
E-City Investments & Holdings Co. Pvt. Ltd.	**8,068,333**	**98%**	8,068,333	98%

Note No: 3.1d

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Rs	No. of Shares	Rs
Number of shares at the beginning	**8,211,700**	**82,117,000**	8,211,700	82,117,000
Add: Addition during the year	-	-	-	-
Number of shares at the end	**8,211,700**	**82,117,000**	8,211,700	82,117,000

Note No: 3.2

Reserves & Surplus

General Reserve		
Opening Balance	**124,870,881**	124,870,881
Less:Utilised / Transferred during the year	-	-
Closing Balance	**124,870,881**	124,870,881
Revaluation Reserve		
Opening Balance		
Add:Addition during the year (Refer Note No:22)	**1,869,570,632**	-
Closing Balance	**1,869,570,632**	-
Add: (Loss) during the year		
Deficit in the Statement of Profit and Loss		
Opening Balance	**(294,673,179)**	(260,665,810)
Add: (Loss) during the year	**(84,940,148)**	(34,007,370)
Closing Balance	**(379,613,327)**	(294,673,179)
	1,614,828,186	(169,802,298)

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	AS AT 31st MARCH 2014 Rs.	AS AT 31st MARCH 2013 Rs.
Note No: 4.1		
Long Term Borrowings		
Term Loan		
From Other than Bank (Secured) (Refer a to d below) (Refer notes below)	**540,159,958**	615,893,095
Loans and Advances From Related Party (Unsecured)(Refer Note e below and Note No:18)	**126,120,435**	29,642,000
	666,280,393	645,535,095

Notes:

Term Loan from Others

a) For Ahmedabad

Secured by way of first charge on land, building and other structures at Ahmedabad and Mumbai and also cross securities of moveable and immovable properties of other group companies situated at Lucknow & Coimbatore for the loan of Rs.217,399,497 (P.Y. Rs.257,180,006) financed by Housing Development Finance Corporation Ltd., corporate guarantee by E-City Investments & Holdings Co. Pvt. Ltd., the Holding Company. In the previous year the Company had delayed the bullet payment installment amounting to Rs.14,671,314 and interest of Rs. 2,212,733 by 4 months.

b) Mumbai

Secured by way of first charge on land, building and other structures at Mumbai and Ahmedabad and also cross securities of moveable and immovable properties of other group companies situated at Lucknow & Coimbatore for the loan of Rs.287,821,367 (P.Y. Rs.344,463,904) financed by Housing Development Finance Corporation Ltd., corporate guarantee by E-City Investments & Holdings Co. Pvt. Ltd., the Holding Company, and assignment of receivables from the project at Mumbai. In the previous year the Company has delayed the bullet payment installment amounting to Rs.31,224,432 and interest of Rs.1,778,376 by 4 months.

c) For Chandigarh

Secured by mortgage of Land, building and other structures at Ahmedabad & Mumbai and cross securities of moveable and immovable properties of other group companies situated at Lucknow and Coimbatore, for the loan of Rs 112,121,651 (P.Y. Rs. 131,288,374) financed by Housing Development Finance Corporation Limited, corporate guarantee by of E-City Investments & Holdings Co. Pvt. Ltd., the Holding Company and assignment of receivables from the project at Chandigarh. In the previous year the Company has delayed the bullet payment installment amounting to Rs.8,559,435 and interest of Rs. 880,037 by 4 months.

d) Terms of repayment :

Particulars	Ahmedabad	Mumbai	Chandigarh
	Refer 'a' above	Refer 'b' above	Refer 'c' above
Date of Loan	28th March ,2008	28th March ,2008	29th Sept 2009
Total no of EMI of varying amounts from the date of loan	120	120	108
Applicable Rate of Interest as on 31st March ,2014	12% (PY 13.25 %)	12% (PY 13.25 %)	12% (PY 13.25 %)
Total no. of EMIs outstanding as on 31st March, 2014	50 (PY. 62)	48 (PY. 60)	54 (PY. 66)
Maturity Date	31st May ,2018	31st March ,2018	30th Sept. ,2018
Bullet Repayment Dates and Amounts :			
31st January 2016	17,500,000	35,000,000	10,000,000
31st March ,2018	-	97,462,403	-
31st May ,2018	47,441,804	-	-
30 th September ,2018	-	-	27,765,572

e) There is no fixed repayment terms in respect of loan from the Holding Company.

f) For current maturities of long term borrowings, refer Note no.5.2 Other Current Liabilities.

DELOITTE HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	AS AT 31st MARCH 2014 Rs.	AS AT 31st MARCH 2013 Rs.

Note No: 4.2
Deferred Tax Liability (Net):

The deferred tax liability comprises the following:	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
Deferred Tax Liability:		
Difference between book depreciation and depreciation under Income Tax Act, 1961	**78,847,117**	93,828,037
Income from Commercial Complex (Lease Rentals)	**3,735,447**	2,627,709
Total Deferred Liabilities	**82,582,565**	96,455,746
Deferred Tax Asset:		
Unabsorbed Depreciation	**82,582,565**	92,416,753
Net Deferred Tax Liability	-	4,038,993

Deferred tax assets on account of unabsorbed depreciation is recognized considering the reversal of timing difference including book versus tax depreciation.

As per assessment order of AY 2007-08 to 2011-12 the assessing officer has assessed the Company's business under income from house property instead of income from business. The Company has preferred appeal there against. As per the order of CIT (Appeal) the assessing officer has given effect in favour of the Company for AY 2007-08 to 2010-11. In view of the order of CIT (Appeal) and based on various judgments and precedents, the Company has filed an appeal before the Commissioner of Income-tax (Appeal) for AY 2011-12. Accordingly, the Company has computed its deferred tax liability. The Income Tax Department has filed an appeal with ITAT against the order of CIT (A) for A.Y . 2007-08 to 2010-11.

Note No: 4.3
Other Long term Liabilities

Others -Security Deposits	**91,712,201**	41,492,040

Note No: 5.1
Trade payables

Other than Acceptances (Refer Note No :18)	**40,106,907**	20,682,540

Note No: 5.2
Other Current Liabilities

Current maturities of long term debt - Term Loan (From other than Bank) (Refer Note No. 4.1 a to d)	**77,182,555**	117,039,186
Interest Accrued and due on Borrowings	-	4,871,736
Book Overdraft	**19,357,531**	9,619,122
Income Received in Advance	**100,000**	-
Other Payables		
Statutory Remittances (Refer Note No. 20)	**22,163,612**	21,472,730
For Purchase of Fixed Assets	**5,585,287**	6,479,961
	124,388,983	159,482,735

Note No: 5.3
Short Term Provisions:

Provision-Others		
Provision for Fringe Benefit Tax (Net of advance tax Rs.652,268; PY (Rs.652,268)	**96,049**	96,049

Notes Forming Part of the Financial Statement

Note No: 6.1a

FIXED ASSETS:

(Amount in Rupees)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1-Apr-2013	Additions	Revaluation	As At 31-Mar-2014	Upto 1-Apr-2013	For the Year	Deduction/ Adjustment	Impairment	Upto 31-Mar-2014	As At 31-Mar-2014	As At 31-Mar-2013
Tangible Assets:											
Freehold Land	150,429,368		1,869,570,632	2,020,000,000	-	-			-	2,020,000,000	150,429,368
Leasehold Land	3,802,195	25,898		3,828,093	995,555	110,617			1,106,172	2,721,921	2,806,640
Buildings											
Given under - operating Lease	426,689,714			426,689,714	143,775,052	15,628,371			159,403,423	267,286,291	282,914,663
- Others	167,556,951			167,556,951	63,240,848	5,596,402			68,837,250	98,719,701	104,316,103
Plant & Machinery	324,306,556	75,167		324,381,723	153,528,148	15,511,501	-	40,001,440	209,041,089	115,340,635	170,778,408
Office Equipment	2,671,644			2,671,644	1,503,001				1,503,001	1,168,643	1,168,643
Furniture & Fixtures	61,682,135	230,180		61,912,315	56,210,988	2,012,807			58,223,795	3,688,520	5,471,147
Vehicles	874,960			874,960	749,582	83,121			832,703	42,256	125,378
Computers	12,544,240	150,881		12,695,121	12,544,240	12,972			12,557,212	137,909	0
Sub Total	**1,150,557,763**	**482,126**	**1,869,570,632**	**3,020,610,521**	**432,547,414**	**38,955,791**	-	**40,001,440**	**511,504,645**	**2,509,105,876**	**718,010,350**
Previous Year	1,150,038,785	725,829	206,850	1,150,557,763	393,448,878	39,204,593	106,058	-	432,547,413	718,010,350	
Intangible Assets:											
Software	9,241,992			9,241,992	8,923,130	181,851			9,104,981	137,011	318,862
Sub Total	**9,241,992**	-	-	**9,241,992**	**8,923,130**	**181,851**	-		**8,741,279**	**137,011**	**318,862**
Previous Year	9,241,992	-	-	9,241,992	8,741,279	181,851	-		8,923,130	318,862	
TOTAL	**1,159,799,755**	**482,126**	**1,869,570,632**	**3,029,852,513**	**441,470,544**	**39,137,642**	-		**520,609,626**	**2,509,242,887**	**718,329,212**
Previous Year	1,159,280,777	725,829	206,850	1,159,799,756	402,190,157	39,386,444	106,058	-	441,470,544	718,329,212	
Capital Work-in-Progress										8,904,347	4,604,740

Note No: 6.1b

Immovable properties situated at Ahmedabad and Mumbai have been charged for the term loan of Rs.664,145,067 (P.Y. Rs..1,568,481,632) taken by fellow subsidiary E-City Real Estates Pvt. Ltd., subject to the charge created in favour of the Company's term lenders.

Note No: 6.1 c

Details of written down value of fixed assets held for sale at Ahmedabad:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Land (Refer Note:22)	960,000,000	64,737,679
Building	98,719,701	104,316,103
Plant and Machinery	8,711,695	54,441,047

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	AS AT 31st MARCH 2014 Rs.	AS AT 31st MARCH 2013 Rs.
Note No: 6.2		
Non Current Investments:		
Non Trade Investments (Unquoted) (At Cost):		
Other Investments in Equity Shares, fully paid up:		
Suncity Hi-Tech Projects Pvt. Ltd.	10,000	10,000
1,000 (P.Y. 1000) Fully Paid-up Equity Shares of Rs.10 each		
Less: Provision for diminution in value	10,000	10,000
	-	-
Note No: 6.3		
Long Term Loans and Advances		
Security Deposits (Unsecured and Considered Good)	7,362,934	6,323,174
Advance Income Tax	12,860,768	10,609,188
(Provisions Rs. NIL, P. Y. Rs. NIL)		
	20,223,702	16,932,362
Note No: 6.4		
Other Non-Current Assets		
Others (Straight Lining of Lease Rentals Adjustment)	8,754,169	1,594,925
	8,754,169	1,594,925
Note No: 7.1		
Inventories:		
(At Lower of Cost and Net Realisable Value)		
Stores & Spares	61,250	35,038
Note No: 7.2		
Trade Receivables		
Unsecured ,Considered Good		
Outstanding for a period exceeding six months from the due date of payment	18,575,444	4,736,266
Other Trade Receivables	25,985,437	15,458,191
	44,560,881	20,194,457
Note No: 7.3		
Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	3,701	56,240
Cheques in hand	19,764,029	9,626,155
Balances with Banks:		
- in Current Accounts	1,802,445	558,963
	21,570,176	10,241,358
Other Bank Balances		
In Earmarked Accounts :		
Balances with Bank in Fixed Deposit Accounts	1,697,521	1,680,589
	23,267,697	11,921,947
Note No: 7.4		
Short Term Loan and Advances:		
(Unsecured and Considered Good)		
Loans and Advances-Others	187,991	1,146,600
Prepaid Expense	1,462,972	1,201,814
	1,650,963	2,348,414
Note No: 7.5		
Other Current Assets		
Receivables on Sale of Fixed Assets	-	1,066,029
Accrued Interest on Fixed Deposit	106,598	112,216
Others (Straight Lining of Lease Rentals Adjustment)	2,757,225	6,502,813
	2,863,823	7,681,058

HASKINS & SE

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	FOR THE YEAR ENDED 31-Mar-14 Rs.	FOR THE YEAR ENDED 31-Mar-13 Rs.
Note No: 8 **Revenue from Operations (Sale of Service)**		
Operating Revenue		
Income from Commercial Complexes	**106,831,135**	107,492,702
Maintenance Charges recovered	**41,651,261**	43,839,422
Parking Income	**1,334,995**	1,334,995
	149,817,391	152,667,119
Other Operating Revenues		
Advertisement & Sponsorship Income	**5,783,721**	6,651,277
	155,601,112	159,318,396
Note No: 9 **Other Income:**		
Interest Received:		
From Banks on Deposits	**160,731**	140,612
On Income Tax Refund	**359,060**	1,008,738
Others	**66,031**	299,735
	585,822	1,449,085
Other Non Operating Income		
Sundry Creditors Written Back	**681,319**	774,758
Miscellaneous Income	**162,944**	416,867
	1,430,085	2,640,710
Note No: 10 **Employee Benefits Expense**		
Salaries and Wages	**2,400,000**	2,400,000
Outsourced Personnel Costs	**19,020,463**	26,649,737
Staff Welfare Expenses	**126,583**	193,146
	21,547,046	29,242,883

DELOITTE HASKINS & SELLS * Chartered Accountants *

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

	FOR THE YEAR ENDED 31-Mar-14 Rs.	FOR THE YEAR ENDED 31-Mar-13 Rs.
Note No: 11		
Finance Costs		
Interest Expense on Borrowings	86,009,508	97,096,574
Others (Refer Note 17(b))	3,980,548	-
Others -Interest on Delayed Payment of Taxes	-	6,839
Bank and Other Financial Charges	1,598,324	331,569
	91,588,380	97,434,982
Note No: 12		
Other Expenses		
Rent including Lease Rentals	6,474,676	6,466,242
Rates and Taxes (Net)	7,256,686	4,760,471
Business Promotion Expense	10,558,076	5,123,413
Power and Fuel (Net of Recovery)	12,906,116	9,701,020
Communication	175,883	238,198
Traveling and Conveyance	321,231	578,005
Repairs and Maintenance:		
Buildings	3,317,506	1,978,749
Plant and Machinery	1,673,028	4,213,873
Others	2,634,677	2,613,563
Legal and Professional Expenses	3,273,657	2,980,961
Mall Management Fees	3,067,346	3,237,038
Printing and Stationery	38,949	150,716
Insurance	775,964	870,083
Payment to Auditor	330,000	337,080
Sundry Balances written off (Net)	2,167	13,000
Consumption of Stores & Spares	846,687	376,102
Loss on Fixed Assets sold / scrapped / written off (Net)	-	6,458
Miscellaneous Expenses	83,179	97,088
	53,735,829	43,742,060

Payment to Auditors Comprise (excluding Service tax):

	2013-14 Rs.	2012-13 Rs.
(a) Statutory Audit Fees	250,000	250,000
(b) Taxation Matters	80,000	50,000
(c) Out of Pocket Expense	4,779	14,627
	334,779	314,627

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Note No: 13

Earnings Per Share (EPS)

Earnings per Share have been computed by taking into account net (loss) after tax attributable to equity share holders and dividing by the weighted average number of outstanding equity shares during the reporting period. The EPS so arrived at is "Basic EPS". The diluted EPS has been arrived at by taking net profit /(loss) after tax, as referred above, and divided by the weighted average number of equity shares after giving effect to the number of equity shares that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of weighted average number of potential equity shares.

Particulars	2013-14 Rs.	2012-13 Rs.
Net Loss after tax attributable to Equity Shareholders	**(84,940,148)**	(34,007,370)
Weighted Average No. of equity shares used as denominator for calculating EPS	**8,211,700**	8,211,700
Basic and Diluted Earnings/(Loss) per share of Rs.10 each (P.Y.	**(10.34)**	(4.14)

Note No: 14

a) Contingent Liabilities not provided for in respect of:

Particulars	2013-14 Rs.	2012-13 Rs.
a) Claims against the Company not acknowledged as debts		
i) Misuse Charges of premises including penalty imposed by Municipal Corporation Chandigarh	**129,982,633**	38,379,823
ii) Other Claims	**6,265,578**	10,674,994
b) Suit for Eviction of Chandigarh Property filed by the Lessor	**Amount unascertainable**	Amount unascertainable
c) Property Tax Disputed with Municipal Corp. of Greater Mumbai	**21,524,926**	15,475,029

b) As per the Scheme of Demerger the Entertainment tax liability in case of matter in Gujarat has been transferred to the Company. The liability of Rs.113,101,586 (P.Y.Rs..113,101,586) has been recomputed by the Facilities Receiver (Fun Multiplex Private Limited). The Honorable Gujarat High Court in its order dated 26th June'09 has ruled in favour of the Multiplex Association of Gujarat of which Facilities Receiver is a member. Entertainment tax department has preferred an appeal on 6th November, 2009 against the said order with the Honorable Supreme Court.The entertainment tax liability and related statutory dues if devolved on and paid by the Company shall be reimbursed by the Facilities Receiver. Consequently there shall be no impact in the accounts of the Company post reimbursement.

Note No: 15

Lease

a) The Company's significant leasing arrangements are in respect of operating leases for Commercial premises.

The Company has given premises on long term operating leases, generally, non cancelable. Such lease income is recognised on straight-line basis over the period of lease. The particulars of premises (excluding vacant and common areas) given under operating lease are as under:

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Particulars	For the Year 2013-14 Rs.	For the Year 2012-13 Rs.
Gross carrying amount of premises	**371,309,067**	374,688,049
Accumulated Depreciation	**137,026,764**	125,095,928
Depreciation for the year	**13,350,950**	13,495,033

b) The lease rentals are also for the use of plant and machinery; however as part of the same is also used by the Company, it is not possible to ascertain the gross carrying amount and related depreciation.

c) Future minimum lease income for the initial non cancelable period of 5 years is as under:

Particulars	For the Year 2013-14 Rs.	For the Year 2012-13 Rs.
Not later than one year	**89,112,974**	72,126,188
Later than one year and not later than five years	**147,501,620**	99,613,853
Later than five years	**100,273,053**	-
	336,887,647	171,740,041

Contingent Rents are recognized only when factors on which the rents are based has actually occurred. Contingent rent recognized in the statement of profit and loss for the year is Rs.6,234,456 (P.Y. Rs. 7,348,617).

Note No : 16

Segment Reporting Policies:

Primary Segment :
The Company operates only in one segment i.e. business of construction, development, operating leasing (on short term and long term), licensing, renting, managing and running "Family Entertainment Centers cum malls", commercial complexes for commercial use and setting up necessary infrastructure. The entire operations are governed by the same risk and returns, hence, the same has been considered by management to be the only reportable business segment as required by Accounting Standard 17 on Segment Reporting.

Secondary Segment :
Geographical Segment: Considering the Company operates in India and constructs and develops "Family Entertainment Centers cum malls", commercial complexes in India and leases, licenses and rents the same within India with no operation outside India, there are no reportable geographical segments.

DELOITTE HASKINS & SELLS ★ Chartered Accountants ★

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Note No: 17

Related Party Disclosures:

As per Accounting Standard (AS-18) on Related Party Disclosure under the Companies Act, 2013. The disclosure of the transactions with the related parties as defined in the Accounting Standard are given below:

a) List of related parties and relationship with whom transactions have taken place during the Year :

Name of the Company	Status of Related Party
E-City Investments & Holdings Company Pvt. Ltd.	Holding Company
E-City Digital Cinemas Pvt. Ltd.	Fellow Subsidiary
E-City Media Private Limited	
E-City Property Management & Services Pvt. Ltd.	
E-City Real Estate Private Limited	
Fun Multiplex Private Limited	
Atul Goel	Key Managerial Personnel
Sulochana Devi	Relative of Above

Related Party relationship is as identified by the Company and relied upon by the Auditors.

b) Transactions during the year with related parties:

Nature of transaction	Holding Company	Fellow Subsidiaries	Associates	Relative of KMP
Income from Commercial Complex		**41,716,930** (47,170,120)		
Maintenance Charges recovered		**15,900,952** (17,583,388)		
Recovery of Power & Fuel		**19,959,135** (20,452,113)		
Recovery of Rates & Taxes		**3,629,156** (4,094,512)		
Parking Income		**1,334,995** (1,334,995)		
Income :Advertisement Income		**644,843** (1,315,017)		
Other Income		- (171,000)		
Outsourced Personnel cost		**18,175,147** (25,684,956)		
Business Promotion Expense		**10,320,000** (4,320,000)		
Mall Management Fees		**3,067,346** (3,237,038)		
Administration and Other Expense		**142,844** (1,157,421)		

HASKINS & SELLS Chartered Accountants

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Nature of transaction	Holding Company	Fellow Subsidiaries	Associates	Relative of KMP
Interest paid on loan		**3,980,548** (-)		
Sale of Assets		- (108,484)		
Remuneration to relative of Key Managerial Personnel				2,400,000 (2,400,000)
Loan taken	**187,743,036** (39,632,000)	**60,000,000** (-)		
Loan taken repaid	**91,264,601** 23,362,007	**60,000,000** (-)		
Security Deposit Received		**41,573,400** (-)		
Balances at the year end:				
Trade Receivables as at 31st March'14		**6,690,268** (3,648,614)		
Receivable for Sale of Fixed Assets		- (1,066,029)		
Security Deposit		**41,393,400** (-)		
Trade Payables as at 31st March'14		**(8,522,713)** (-)		
Loan given balance as at 31st March'14				
Loan taken Balance as at 31st March'14	**126,120,435** (29,642,000)			
Corporate Guarantee Received	**825,000,000** (825,000,000)			
Figures in bracket represents previous year figure				

DELOITTE HASKINS & SELLS Chartered Accountants

RB

Pm

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Disclosure in respect of material other Related Parties which account for 10% or more of the transactions during the year

	2013-14	2012-13
Income From Commercial Complex		
Fun Multilpex Pvt. Ltd.	**40,486,930**	45,915,708
Maintenance Charges recovered		
Fun Multilpex Pvt. Ltd.	**15,694,852**	17,377,288
Recovery of Power & Fuel		
Fun Multilpex Pvt. Ltd.	**18,243,215**	20,261,829
Recovery of Rates & Taxes		
Fun Multilpex Pvt. Ltd.	**3629156**	4094512
Income :Advertisement Income		
E-City Media Pvt. Ltd.	**614,843**	1,019,517
E-City Property Management & Services Pvt. Ltd.	**30,000**	295,500
Parking Income		
E-City Property Management & Services Pvt. Ltd.	**1,334,995**	1,334,995
Advertisement Expenses		
Fun Multilpex Pvt. Ltd.	**720,000**	720,000
E-City Media Pvt. Ltd.	**9,600,000**	3,600,000
Administration and Other Expense Sharing		
Fun Multilpex Pvt. Ltd.	**54,812**	985,027
E-City Property Management & Services Pvt. Ltd.	**87,532**	171,861
Mall Management Fees		
E-City Property Management & Services Pvt. Ltd.	**3,067,346**	3,237,038
Expense :Outsourced Personnel cost		
E-City Property Management & Services Pvt. Ltd.	**18,175,147**	16,764,306
Security Deposit Received		
Fun Multilpex Pvt. Ltd.	**41,393,400**	-
Interest Paid		
E-City Real Estate Pvt. Ltd.	**3,980,548**	-
Loan Received during the year		
E-City Property Management & Services Pvt. Ltd.	**60,000,000**	-
Loan Repaid during the year		
E-City Property Management & Services Pvt. Ltd.	**60,000,000**	-

Note No: 18

The company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

DELOITTE HASKINS & SELLS * Chartered Accountants *

E-CITY PROJECTS CONSTRUCTION PVT. LTD.

Notes Forming Part of the Financial Statement

Note No: 19

Accounts have been prepared on going concern basis despite complete erosion of net worth. The company has the continuing financial and other support /considerable revenue from group companies. The Company has also suspended the operations at loss making mall . Further, the value of company's immovable properties have appreciated .

Note No: 20

The Finance Act, 2010 has imposed a levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007. Special Leave Petitions filed before the Honorable Supreme Court against the order of Delhi and other High Courts that had upheld the constitutional validity of amendment made to section 65(105)(zzzz) of the Finance Act in connection with the levy of service tax on renting of immovable property are pending before the Honourable Supreme Court. As per the Supreme Court interim order dated 14th October' 11 the tenants covered by the said order have paid under protest 50% of their arrear service tax dues of Rs. 11,118,518 till 30th September' 11 and for the balance 50% they have furnished solvent surety to the satisfaction of their jurisdiction Commissioner.There would be no impact on the accounts as in the event of decision going against the retailer association the company would recover /collect the dues from the tenants and pay to the service tax department.

Note No: 21

In terms of the policy of sharing common expenses between the group companies during the previous year, the company has shared part of the personnel and other expenses of Fun Multiplex Pvt. Ltd. which is included in Note No .10 and 12.

Note No: 22

The Company has, based on the valuation made by approved valuers, on the basis of current market prices, revalued as at 31st March ,2014 the freehold land located at Mumbai and Ahmedabad.The resultant appreciation aggregating to Rs.1,869,570,632 has been added to the Gross Block of the Fixed Assets and credited to Revaluation Reserve.

Note No: 23

Though the paid-up Share Capital exceeds Rs.5 crores; Company Secretary as required under Section 383A of the Companies Act,1956 has not been appointed.

Note No: 24

Previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary to correspond with the figures of the current year's classification/disclosure.

For and on behalf of the Board

Girish Pande
Director

Pratik Mehta
Director

Place :Mumbai
Dated:

HASKINS & SELLS