

INDEPENDENT AUDITORS' REPORT

To the Members of

Alchemist Realty Limited.

Report on the Standalone Financial Statements as per Ind AS

Qualified Opinion

We have audited the accompanying standalone financial statements of Alchemist Realty Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, Statement of change in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in basis for Qualified opinion paragraph below**, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its loss and its Cash Flow for the year ended on that date.

Basis of Qualified Opinion

a.) Attention is invited to Note No.10 of the financial statements Trade receivables amounting to Rs. 13487.78 Lacs out of which export debtors for merchant trade transaction are Rs.13412.03 Lacs and other receivables are Rs. 75.75 Lacs which are outstanding for more than six months from the date they become due from payment. Credit was extended on export sales in the normal course of the business, however the same has not been realised so far. The Company has filed legal suit against defaulting customers. During the year the management has not made any provision on such export debtors.

"These are long outstanding debtors and we are unable to comment of the recoverability of the same. However we are unable to access whether adequate provision was made in the books of accounts for such doubtful trade receivables."As result of such opinion, loss to that extent is under stated and similarly the receivables.

We conducted our audit in accordance with Standards on Auditing (SAs). 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our report addressed the Key audit matter.
<p>1. Litigation Matters (Acquisition of Properties)</p> <p>The company has certain significant legal proceedings under various complex matters with parties, continuing from earlier years, which are as under:</p> <p>Advances given to various parties in respect of properties to be purchased. (Refer note 5.1 and 5.2 of the financial statements)</p> <p>Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcome of the legal cases are determined. Accordingly, it has been considered as a key audit matter.</p>	<p>Our audit procedure includes and is limited to the following.</p> <p>a) Assessing management position through discussions with them, the probability of success in the aforesaid cases, and the magnitude of any potential loss.</p> <p>b) Discussion with the management on the development of these litigations during the year ended March 31, 2020</p> <p>c) Review of the disclosures made by the company in the financial statements in this regard.</p> <p>d) Obtained representation letter from the management.</p> <p>Our audit procedure include the following substantive procedures:-</p>

<p>2. Evaluation of Uncertain tax positions</p> <p>The Company is having tax jurisdiction in Delhi region and is subject to periodic challenges by the local tax authorities on the rage of tax matters during the normal course of business. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having impact on related accounting and disclosures in the standalone financial statements.</p> <p>Refer Note 20 of the financial statements.</p>	<ul style="list-style-type: none"> • Obtained understanding of key uncertain tax positions;and • We along with company tax experts:- <ol style="list-style-type: none"> a) Read and analysed select key correspondences, consultation by the management with the external tax professionals working on key uncertain tax positions. b) Discussed with the appropriate senior management and evaluated management’s underlying key assumptions in estimating the tax provisions if any to be made; and c) Assessed management’s estimate of the possible outcome of the disputed cases;
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Emphasis of the Matter

- a) Attention is invited to Note No 5, 5.1 and 5.2 of the financial statements wherein amount of Rs. 6037.17 lacs has been shown under the head of **long term advances**, “out of which Rs. 1249.40 Lacs has been given to various parties and the matter is Sub-Judice in various courts for acquiring properties and advances amounting to Rs. 1842.97 lacs given to various other parties but the sale deeds for properties has not been executed so far in favor of the company”. These advances have been considered as good by the management of the company although no sale deed has been excuted.. It is relevant to point out that these are material advances and are pending since long, more than three years, and the management has not made any provision for the same.
- b) Attention is also invited to note No 5.3 of the financial statements for amount shown under the head “ **long term advance** Rs. 1887.92 Lacs given to various parties on account of franchisee fee and other expenses for acquiring rights of Realogy Corpn. Inc. USA for their brand (Century 21) which is recoverable from its Subsidiary Century 21 Properties (India) Pvt. Ltd as and when the rights will be transferred to it”. It is relevant to note that the amount has been advanced since long and rights have not been transferred so far.
- c) We draw attention to note 5.4, the company has advanced as loan a sum of Rs.992.22 Lacs to two parties as interest free unsecured loan, the same is in violation of sub section 7 of section 186 of the Companies Act 2013. This sub section requires the “No loans shall be given under this section at a rate lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the loan.
- d) Search and seizure operation was conducted U/s 132/133A of the Income Tax Act,1961 by Investigation Wing of the Income Department on 20/6/2014, and during the quarter ending 31st March 2019 the same were concluded on 07/02/2019 and relevant order were received by the company on 25/02/2019 in which demand was assessed amounting to Rs. 521.99 Lacs under orders passed U/s 153A/143(3) for the A/Y 2009-10 to 2015-16. However the company has filed appeals against these order passed on 25/03/2019, hence no provision has been made in the books for the said demand.

Our opinion is not modified in respect of these matters.

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 Companies act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standard Ind AS specified under Section 133 of the Act, read with the provision of the Companies (Indian accounting Standards) Rules, 2015 as amended . This responsibility includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentations of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the company ability to continue as a going concern disclosing as applicable, matter relating to going concern and using the going concern basis of accounting unless management either intents to liquidate the company or to cease operation, or has no realistic alternative but to do so.

That board of directors is responsible for overseeing the company’s financial reporting process.

Auditor’s Responsibility

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

ALCHEMIST REALTY LIMITED

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 Companies Act, 2013, 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.

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

Report on Other Legal and Regulatory Requirement's

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:-
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects of the matter described in the basis for Qualified opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind As) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies(Accounts) Rules,2014;
 - e) ***The matters described in the basis for Qualified Opinion paragraph, Key Audit Matters and Emphasis of matter paragraph above, in our opinion, can adversely affect the functioning of the company.***
 - f) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
 - g) ***The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.***

- h) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in Annexure "B" and
- i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to explanations given to us:
- i. The Company has not disclosed the impact of pending litigations in its financial statements with respect to suits on or by the company in respect of suits filed by the company for acquisition of properties or recovery of advances as referred to in note 5.1 and 5.2 of the financial statements.
 - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There no amounts which required to be transferred, to the Investor Education and Protection Fund by the company.

FOR SOIN ASSOCIATES
CHARTERED ACCOUNTANTS
Firm No. 010637N
Sd/-
Paramjit Singh
Prop.
Membership No. 086047
UDIN 20086047AAAAAU8635

PLACE: New Delhi
DATED:28/07/2020

Annexure- A to the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date. We report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 (c) In our opinion and according to the information and explanations given to us, the company does not have any immovable properties in its name. Therefore para 3 (1) (c) are not applicable
2. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals and no material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. According to information and explanations given to us, the company has granted unsecured loan to two subsidiary company, i.e. Alchemist Hill Resorts Private Limited and Century 21 Properties India Private Limited (party covered under section 189 of the companies Act. 2013) amounting to Rs. 992.22 Lacs.
 - a) The terms and conditions on which these loans have been given appears to be prejudicial to the interest of the company as the loans are not carrying any interest.
 - b) No Schedule for repayment of principal and interest has been stipulated, however it has been informed to us that these loans have been given in accordance with the agreement, which intra-alia provides these loans are interest free in lieu of option to convert them into equity shares at valuations which will compensate the company for the interest component. In such circumstances we are unable to comment whether the receipt of principle and interest is regular.
 - c) We are unable to comment on the overdue amount of principle and interest more than ninety days as loans have been given to companies on mutual inter-alia agreements as informed to us, however necessary documents, terms and conditions on which loans have been given have not been made available to us.
4. The company has not given any loans to directors or to any other persons in whom the director is interested or given any guarantee or provided any security in connection with any loan taken by him or such person as covered under section 185 of the Companies Act 2013, however the company has given loan to subsidiaries a sum of Rs. 992.22 Lacs as interest free unsecured loan, the same is in violation of sub section (7) of section 186 of the Companies Act 2013.
5. The Company has not accepted deposits. Hence the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.
6. The Company is not required to maintain cost records as specified by the Central Government under sub section (1) of section 148 of the Act. Therefore, the provisions of para 3(vi) of the Order is not applicable to the Company.

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7. (a) Based on our audit procedures and on the information and explanations given by the management, and on the basis of our examination of records of the company amount deducted /accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, GST, Custom Duty, Excise Duty, and any other statutory dues are required to be deposited. According to the information and explanation given to us, undisputed amount payable in respect of provident fund, income tax, GST, of other material dues were in arrears as at 31st March 2020 for a period of more than six months from the date they become payable details of which are as under:-

PF Payable (Employee and employer contribution)	Rs.16,29,548.00	Due Since Aug 2018
ESIC Payable (Employee and Employer Contd.)	Rs. 42,915.00	Due Since Aug 2019
Labour Welfare	Rs. 187.00	Due Since Oct 2019
TDS Payable Contractors	Rs. 3,875.00	Due Since Sep 2019
TDS Payable Professionals	Rs. 60,800.00	Due Since Aug 2019
TDS Payable Salaries	Rs. 1,92,029.00	Due Since Oct 2019
GST Payable Reverse Charge	Rs. 9,000.00	Due Since Nov 2019

- (b) Based on our audit procedures and on the information and explanations given by the management, there are no dues outstanding in respect of GST, Customs Duty, Excise Duty, or any other Statutory dues, to be deposited on account of any dispute.
- (c) Details of Dues of Income Tax which have not been deposited as on 31/03/2020 on account of disputes are given below:-

Name of the Statute (Nature of Dues)	From where disputes is pending	Period to which the amount relates	Amount Involved	Remarks
Income Tax	CIT	Orders passed U/s 153A/143(3) for the A/Y 2009-10 to 2015-16	Rs 521.99 Lacs	The company has filed an appeal against said order.

8. The Company has not obtained loans during the year and neither any dues/loans were outstanding from financial institution, bank, Government or debenture holders, therefore, the provisions of para 3(viii) of the Order is not applicable to the Company.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year, therefore, the provisions of para 3(ix) of the Order is not applicable to the Company.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. The Company has paid managerial remuneration during the financial year ending 31st March 2020 however the company has sought the necessary approval and mandated as per the provisions of section 197 read with schedule V of the Companies Act 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company, therefore, the provisions of para 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him, therefore, the provisions of para 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR SOIN ASSOCIATES
CHARTERED ACCOUNTANTS
 Firm No. 010637N
 Sd/-
 Paramjit Singh
 Prop.
 Membership No. 086047
 UDIN 20086047AAAAAU8635

PLACE: New Delhi
 DATED:28/07/2020

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Alchemist Realty Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 its 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 Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**FOR SOIN ASSOCIATES
CHARTERED ACCOUNTANTS**

Firm No. 010637N

Sd/-

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Prop.

Membership No. 086047

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**PLACE: New Delhi
DATED:28/07/2020**