

Courier

DCS/COMP/NM/48/2014-15

June 25, 2014

The Company Secretary / Compliance Officer
Satra Properties India Ltd
2nd Floor, Dev Plaza
Opp Andheri Fire Station, S V Road,
Andheri West
Mumbai - 400058
Maharashtra

Dear Sir/Madam,

Sub: Audit Reports filed by listed companies

This has reference to the provisions of Clause 31(a) of the Listing Agreement and SEBI Circulars pertaining to the "Manner of Dealing with Audit Reports filed by Listed Companies" dated August 13, 2012 and June 05, 2013 which inter-alia mandated listed companies to submit either Form A (Unqualified / Matter of Emphasis Report) or Form B (Qualified / Subject to / Except for Audit Report) along with the company's Annual Report to the Stock Exchange.

As per the provisions of the said circulars, the qualifications raised by the Statutory Auditors in their Audit Report, would be scrutinized by the Qualified Audit Review Committee (QARC) constituted by SEBI.

Accordingly, after scrutiny and discussion by QARC and thereafter by FRRB and as directed by SEBI, you are advised to restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications (Refer Annexure-I), in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

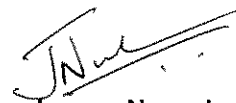
You are requested to take note of the same and comply accordingly, under information to the Exchange.

In case you need any clarifications on the above, you may please contact Mr. Nitesh Mhatre on 02222728880 / Ms. Dhara Barot on 22728559 / Mr. Rakesh Parekh on 22728307 (email rakesh.parekh@bseindia.com, dhara.barot@bseindia.com) for assistance.

Yours truly,



Netra Sahani
Dy. General Manager – Listing Compliance



Jeevan Noronha
Manager – Listing Compliance

ANNEXURE I:

Satra Properties India Ltd

Auditor Qualification:

1. As more fully explained in Note 39 to the financial statements, construction work-in-progress of a project included construction cost of Rs. 157,974,510 arising out of a significant change in the structural plan of the project in the year ended 31 March 2009. In accordance with the provisions of Accounting Standard – 2, “Inventories”, such construction costs should have been charged to the statement of profit and loss for the year ended 31 March 2009. During the year ended 31 March 2013, the Company has recognized revenue from this project as a result of which the cost of construction recognized in the statement of profit and loss includes Rs. 21,907,491 of construction cost incorrectly capitalised in an earlier year, resulting in an understatement of profit after tax for the year ended 31 March 2013 by Rs. 14,440,658. Consequently, the construction work-in-progress and the surplus in the statement of profit and loss continue to be overstated by Rs. 58,531,369 as at 31 March 2013.
2. As more fully explained in Note 38 to the financial statements, construction work-in-progress of a project included construction cost of Rs. 157,974,510 arising out of a significant change in the structural plan of the project in the year ended 31 March 2009. In accordance with the provisions of Accounting Standard – 2, “Inventories”, such construction costs should have been charged to the statement of profit and loss for the year ended 31 March 2009. During the year ended 31 March 2013, the Company has recognized revenue from this project as a result of which the cost of construction recognized in the statement of profit and loss includes Rs. 21,907,491 of construction cost incorrectly capitalised in an earlier year, resulting in an understatement of profit after tax for the year ended 31 March 2013 by Rs. 14,440,658. Consequently, the construction work-in-progress and the surplus in the statement of profit and loss continue to be overstated by Rs. 58,531,369 as at 31 March 2013.
3. Based on the consideration of the reports of one of the joint auditors on the financial statements of one of its subsidiaries, in the case of Maharashtra Chamber of Housing Industry (MCHI) and Ors. V/s The State of Maharashtra & Ors, the Honorable High Court, Mumbai has upheld the constitutional validity for charging Value Added Tax (‘VAT’) on sale of flats, shops, etc, under construction. Though, the subsidiary company has recognized the VAT liability, it has not recognized the interest accrued on VAT amounting to Rs. 41,614,167, as a result of which, finance costs is understated and profit for the year in the consolidated statement of profit and loss is overstated by Rs. 41,614,167. Consequently, the reserves and surplus are overstated by Rs. 41,614,167 and current liabilities are understated by Rs. 41,614,167.