



**Real Estate- Sales Audit**

- ✓ **Acquisory** was incorporated in 2010, by highly credentialed and experienced professionals, from PricewaterhouseCoopers, Arthur Andersen and Protiviti.
- ✓ The management team among themselves represent extensive experience in specialized services across M&A Advisory, Investment Banking, Asset Management and Operations & Risk Consulting.
- ✓ We have an appreciation for dynamics of business, operations, transactions and necessary skills to blend practical business & commercial insights with tax & regulatory knowledge to identify effective solutions to all business problems.
- ✓ We partner with our clients through the entire business continuum from identification of the problem, to solution, to implementation.





Locations

3

Directors &  
Principals

11+



Professionals

125+



Clients

500+



Services

25+

**OUR FOCUS**

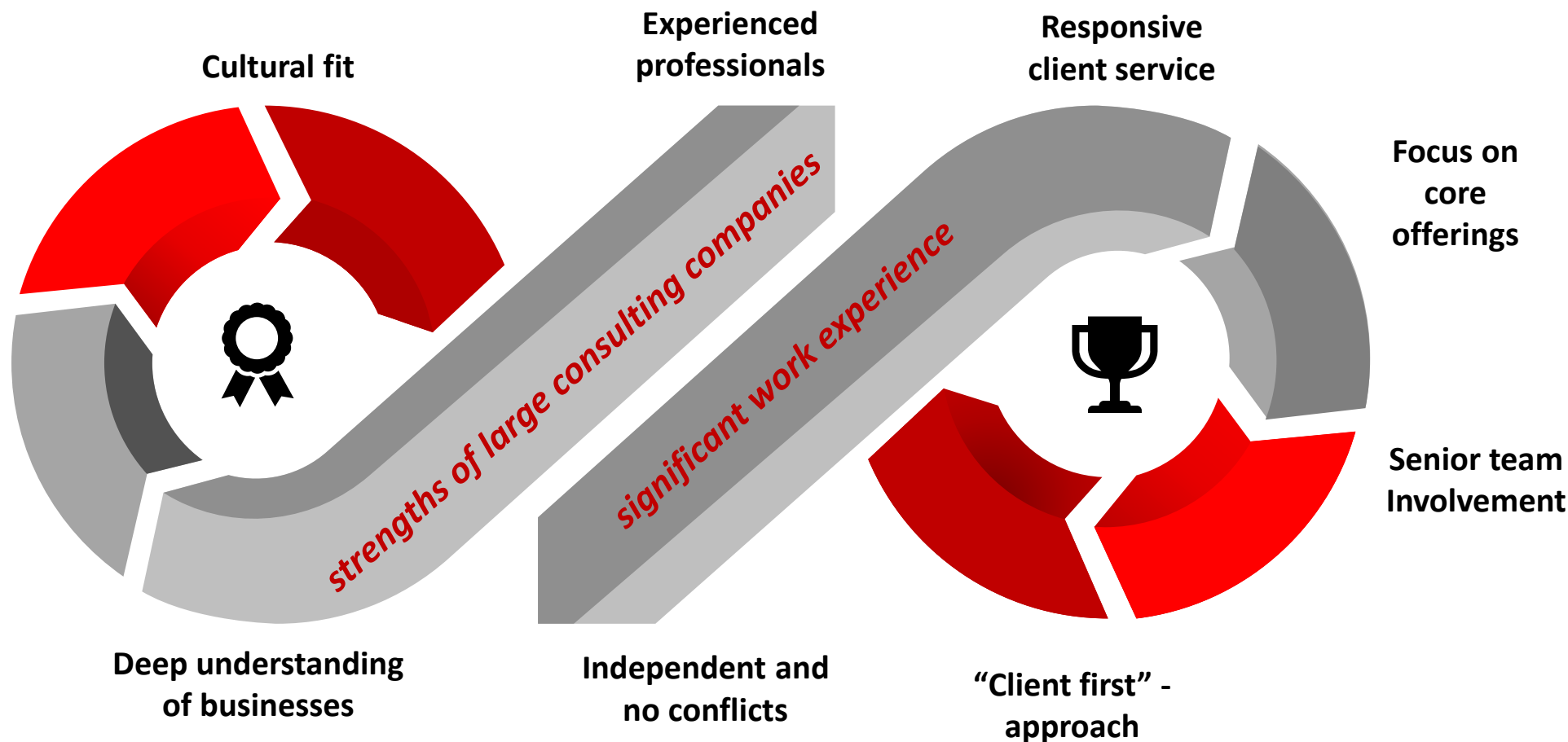
Acquisory assists clients ranging from global enterprises to small and middle market companies that are both publicly held or privately owned, as well as large, mid and small-cap private equity firms, corporate management and boards of directors.

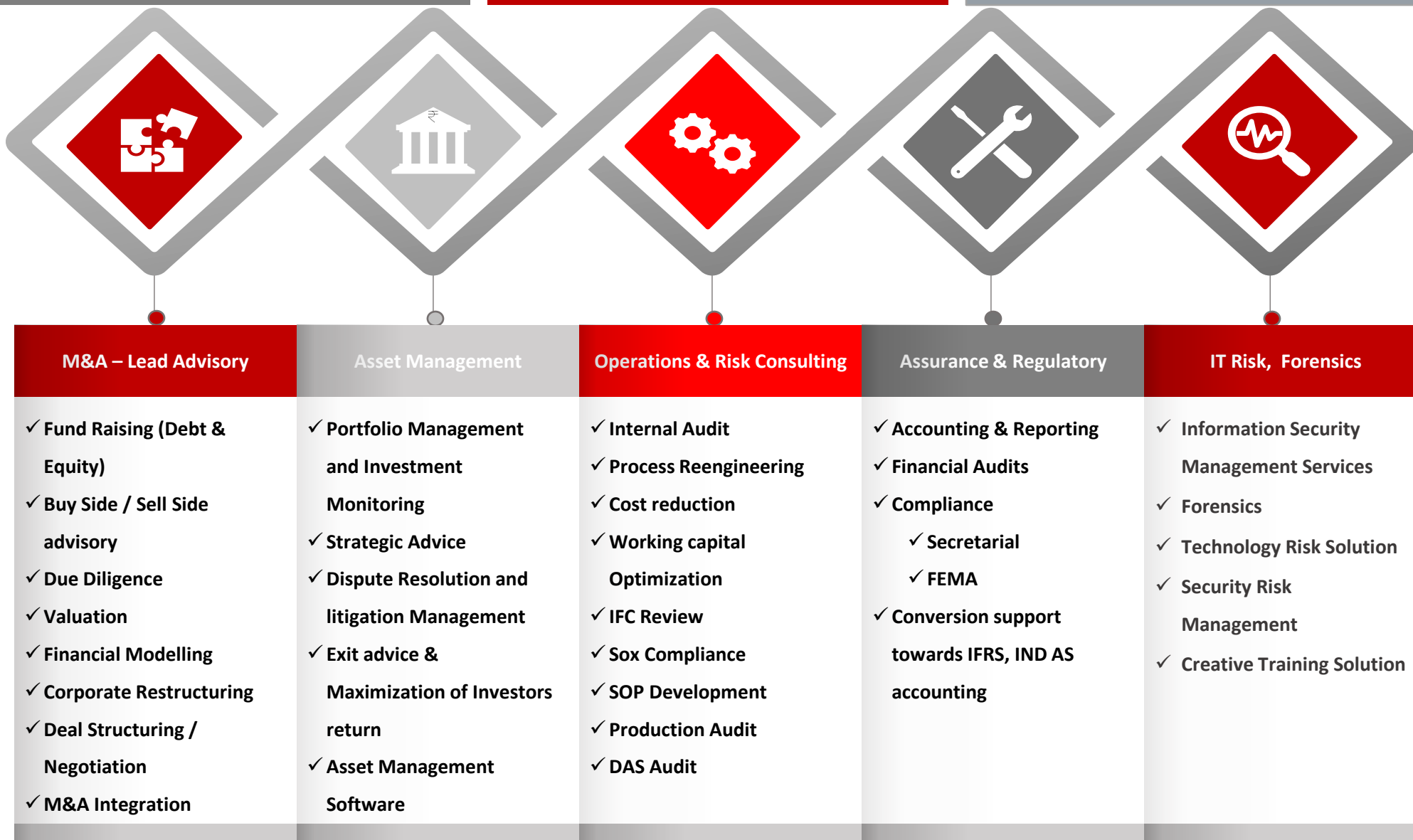
We provide specialist advice for a range of sectors. A personal, partner-led approach, with rich experience have taught us that an understanding of the business, structure and practices of our clients' industries is critical to providing the services our clients' need to reach their goals.

- Real Estate & Infrastructure
- Private Equity
- Manufacturing
- Retail
- Media and Entertainment
- Telecommunication
- Healthcare and Hospitals
- Consumer Products
- Hotel, Hospitality and Leisure
- Education
- Start-ups
- Services



Acquisory fills a unique and valuable position in the market, as depicted below. We bring a unique blend of knowledge and experience to the table which combine the focus, dedication and independence of a boutique firm, with the methodologies & deep skill-sets of the Big 4.





**Strategic Planning**

**Conceptualization and Design**

**Acquisitions/Dispositions**

**Property/ Lease Marketing**

**Strategic Business Alliances**

## Construction

- Project budgeting, forecasting, planning and execution
- Contractor selection
- Bidding and tendering
- Site development and improvement
- Construction monitoring
- Project accounting and timelines
- Project records and project management
- Compliances of local laws and regulations

## Sales and Marketing

- Budgeted vs. actual sales price realizations
- Budgeted saleable area and actual area sold
- Leasable Area and Rentals
- Exit Rates
- Marketing process
- Customers relations
- Enquiry capturing and records

**Human Resources**

**Information Technology**

**Fixed Assets Management**

**Financial Accounting**

**Budgeting & MIS**

**Legal & Regulatory**

**Strategic  
Management**

**Core Business**

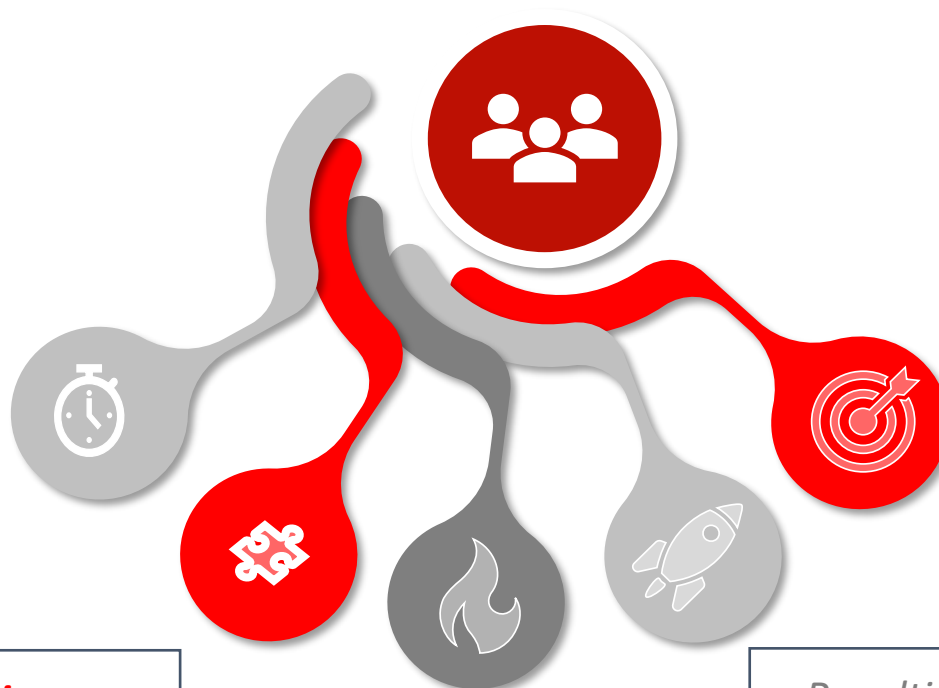
**Resource  
Management**



As per our experience and understanding of industry, the following are significant 'Focus Areas' for Sales Audit:

## Analysis of Total sales

- Total Unit available for Sale,
- Units Sold and
- Inventory held



## Reconciliation

- Reconciliation of Collection in Bank to Customer SOA

## Collection Analysis

- Demand raised v/s to be raised.
- Delinquent Sales

## Compliance Analysis

- Statutory Compliances

- Penalties in case of delay in Possession
- Compliance with the RERA Regulations

## Analysis of Total Sales

- Analysis of Area Sold, Sales Value, Volume and Average Realization as per the budget/business plans.
- Revenue booked & Deferred Revenue
- Delinquent sales as per payment schedule.
- Significant Pattern in Sales of specific type of unit or units by tower/wing
- Analysis of saleable area, sales cancellation and subsequent resale.
- Monthly sales Velocity and price Movements.
- Status of balance inventory
- Age Wise analysis of receivables.
- Age Wise analysis of the units sold but not registered.

## Collection Analysis

- Verification of Sales amount collected with the bank statement.
- Analysis of amount demanded vs demands to be raised as per builder buyer agreement.
- Analysis of self vs bank funded units.
- Analysis of amount forfeited in case of Cancelled Units.
- Quantification of penalties in case of delay in possession.

## Reconciliations

- Between bank collections and collections as per sales MIS.
- Between Collections as per escrow and collections as per sales MIS
- Between Customer SOA and Bank Statement.
- Reconciliation of tax records with sales.
- Between the Units sold as per RERA and Actual Sales as per Sales MIS (CRM Dump)
- Between the inventory records as per the sales team and the inventory as per the system



## Review

- Review of the revenue recognition policy.
- Review and Comment on Related Party Transactions pertaining to sales and advances.
- Review and Comment on the overdue receivables.

## Policies and Procedures

- Understanding the broad organization structure of sales and marketing team.
- Obtaining the list of significant marketing agreements and contract with customer and brokers.
- Understanding the Target's policy on advertising and marketing including the brokerage cost and analyzing it with the past value.

## Verification

- Verification documents like registration, builder buyer agreement, MOU etc.
- Verification of details in Sales MIS with the actual booking forms, KYC and agreement to sell.
- Verification of the Units Sold, discount given, purchase options opted, amount called and collected with the buyer's agreement.
- Obtaining Balance Confirmation from customers.
- Background Check of the parties (if required).
- Verification of transfer documents in case the Units are being transferred from one customer to another customer.

## Awards

- Acquisory received the award of “M&A Advisory Firm of the Year” in 2013
- Acquisory received the award of “Due Diligence Experts of the Year” in 2014
- Acquisory received the Indian Achievers’ award for “Promising MSME – 2022”



## Report Letter

November 2, 2010  
Board of Directors  
XXXXXXX  
XXXXXXX Centre

New Delhi 110066, India  
Dear Sir,

**Sub – Report on recommendation of allotment ratio of equity shares of XXXXXXXX Limited (“XXXXXX”) to the equity shareholders of XXXXXXXX (“XXXXX”) or “the Company” or “the Client”], upon the demerger of the “Demerged Undertaking” of XXXXXXXX into XXXXXXXX.**

This report summarizes results of workings and analysis for allotment ratio for issue of equity shares of “XXXXX” to the equity shareholders of “XXXXX” or “the Company”, upon the demerger of the “Demerged Undertaking” of XXXXXXXX into XXXXXXXX as at January 1, 2011 (Appointed Date).

For the purposes of recommending allotment ratio, we have carried out the analysis of XXXXXXXX and XXXXXXXX on the basis of Net Assets Value Method, Market Price Method and Paidup Share Capital Method and our report on the same is enclosed herewith for your reference. Read with underlying assumptions, scope of work and limitations defined in our report, the proposed allotment ratio is one equity share of XXXXXXXX to be issued for every five shares of XXXXXXXX.

As per information and explanation given to us by the Company, the allotment ratio has been arrived at after considering the future capital expenditure requirements in the business, equity servicing capacity, capital employed in the business, shareholders’ profile and other relevant factors.

**Scope of Work :** We understand that the Management of XXXXXXXX is contemplating a restructuring exercise wherein it proposes to realign the specified investments and specified loan and advances (“Demerged Undertaking”) in a separate company, XXXXXXXX Limited, by way of demerger to achieve synergies through focused business segments and leverage on its operations for future growth (“Transaction”).

This would be achieved by a Scheme of Arrangement and Demerger (“Scheme”) under the provisions of Sections 391-394 of the Companies Act, 1956. We understand that the XXXXXXXX has been incorporated and will be wholly owned by XXXXXXXX. XXXXXXXX would hold nominal shares in

## Executive Summary

### Scope of Work

- We understand that the Management of XXXXXXXX is contemplating a restructuring exercise wherein it proposes to demerger the following investments along with loans and advances given to group companies (“Demerged Undertaking”) in a wholly owned subsidiary, XXXXXXXX Limited, by way of demerger to achieve synergies through focused business segments and leverage on its operations for future growth.
- For the purposes of demerger, the Company requires XXXXXXXX (“XXXXX”) to provide share allotment ratio for the issue of equity shares of XXXXXXXX to the shareholders of XXXXXXXX, under the restructuring exercise of demerger of Demerged Undertaking as on Appointed Date.

### Approach

- We have conducted an analysis of XXXXXXXX and XXXXXXXX as per Market Price Method, Net Assets Value method and Paidup Share Capital Method. These are generally accepted approaches for the computation of share allotment ratio.
- The analysis and result relies upon the info provided by the Management of XXXXXXXX authority.
- We have given the appropriate weights to considering the business risks and other app
- Business forecasts and information (the Date) has not been provided.

### Results

Results of ratio

## Approach and Methodology

**Step 1**  
Obtained from the Management, the book value of all assets and liabilities including contingent liabilities proposed to be transferred to XXXXXXXX under scheme of arrangement for demerger.

**Step 2**  
Obtained from the Management, the book value of all assets and liabilities of XXXXXXXX Saw (Residual) net off assets and liabilities transferred to XXXXXXXX under the scheme of arrangement for demerger. The Management informed us that in absence of information of projected balance sheet at December 31, 2010, balance as at March 31, 2010 can be used for JSW Steel, XXXXXXXX, an of NAV of the Companies

- Computation of a share allotment ratio on the basis of historical net assets
- Share allotment ratio based on the historical cost of its tangible assets and liabilities may not always serve as reflecting its real worth on the transaction date.
- This is for the reason that the value of assets acquired in the past would not be static but would either appreciate or depreciate in value depending upon the nature of the asset, its economic life, demand in the market and several other factors.
- In evaluating the real worth of the assets, therefore, the intrinsic worth or realizable value of the assets on the valuation date needs to be determined.

- Report Letter
- Project Details
- Executive Summary
- Key Risk
- Scope limitation
- Annexures

- In absence of information from the Management, NAV of the investments of Hexa securities has not been taken into consideration and NAV of Hexa Securities has been considered in our workings.

Based on information provided, contingent liabilities appearing in the financial statements as at M and has been adjusted (Residual) and XXX Management, all financial statement, book values.

### Discounted Cash Fl

- The Discounted by discounting perpetuity valu
- Equity (FCFE) or to high debt
- Discounted Cash equity share hc
- The free cash fi
- Cost of Capital (

## Scope Limitations

There is no indisputable single ratio. We have performed our analysis as per agreed upon procedures with the management and do not provide any opinion on the valuation thereof. While we have provided our analysis of indicative values based on the information provided and within our scope and constraints of our engagement, others may place a different value to the same.

The share allotment ratio and fair exchange ratio recommended herein are arrived based on generally accepted principles. These do not consider specific provisions of tax laws prevalent in India. The ratios specified are not to be construed as compliant with the tax regulations. Also, we have been given to understand by the Management of XXXXXXXX that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt.

We provide no assurance that a transaction can be completed successfully at or close to our recommended ratio within a particular timeframe. Our share allotment ratio recommendation only represents the most likely ratio around which a demerger should happen.

- We make no representation or warranty as to the accuracy or completeness of the information used for our analysis, including any estimates, and shall have no liability for any representations (expressed or implied) contained in, or for any omission from, these procedures.
- Analysis performed by us are not and should not be construed to constitute an audit. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of our work.
- In the course of performing our procedures, we have relied on financials and other information, including estimates of future financial performance and assumptions thereof, provided by management. Our conclusions will be dependent on such information being complete and correct in all material respects. We have not conducted an independent audit, due diligence review or validation of such information including the estimates of future financial performance for the purpose of this assignment. Accordingly, we will not express an opinion or any other form of assurance thereon and we accept no responsibility or liability for any losses occasioned to XXXXXXXX, XXXXXXXX, its directors, or shareholders or to any other party as a result of our reliance on such information.
- We have not performed any evaluation of the accounting and commercial systems.
- We have performed our analysis of the Companies and no account has been taken of any discount or premium that may be negotiated in the market in the event of a distress sale.



### Highlights for the period..

Construction in progress

For discussions with management and project management consultants we understand that the project progress in the months of February and March was as per budgeted timelines, however there was a delay of 8-10 days in slab casting due to non availability of steel and delay in issuing the tenders as per the schedule provided, please refer annexure. We observed that the Company has reduced 3 days to cast one slab across

## Sales Analysis

Plan used by customers to pay amounts														
Description	Area sold		Avg time to sell	Total sales volume	Amount		Amount		No. of customers	Customer				
	Total sales	Vol			Value	Units	Value	Units						
	Total sales	Vol	Value	Units	Total sales	Vol	Value	Units						
30E User fees	1,120,000	1,233,750	300	4,217	127	100	10	50	20	1				
30E 1 (Mileage)	2,010,000	41,200	200	100	100	230	21	10	2	1				
30E 2 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 3 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 4 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 5 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 6 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 7 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 8 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 9 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 10 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 11 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 12 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 13 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 14 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 15 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 16 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 17 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 18 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 19 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 20 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 21 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 22 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 23 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 24 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 25 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 26 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 27 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 28 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 29 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 30 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 31 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				
30E 32 (Mileage)	1,100,000	40,000	47	7,200	100	100	230	21	10	2				

## Sales Analysis

- |  |   |   |
|--|---|---|
| <p>53 <b>Marques:</b> progress and tenders for a <i>financial year amounts</i></p> | <p>million while the <i>of the total 25</i> and balance flat as</p> <p>There has been an 18 out of the 100</p> <p>Agreement of sale without cash proceeds because for delay in</p> <p>Office of 52. It is completion of end September - Oct/11</p> <p>Mail and Multiple awarded "Project the India"</p> | <p>Out of the total 25 and balance flat as</p> <p>There has been an 18 out of the 100</p> <p>Agreement of sale without cash proceeds because for delay in</p> <p>Office of 52. It is completion of end September - Oct/11</p> <p>Mail and Multiple awarded "Project the India"</p> <p>Developing business relations Gurgaon and Bangalore. Sp commercial team had met recently.</p> <p>Follow-up on existing 500 immediate sales under Assurance</p> <p>Targeting the active IFC and A improve the sale and leasing a commercial office proposals</p> |
|--|---|---|

## Balance Sheet Analysis

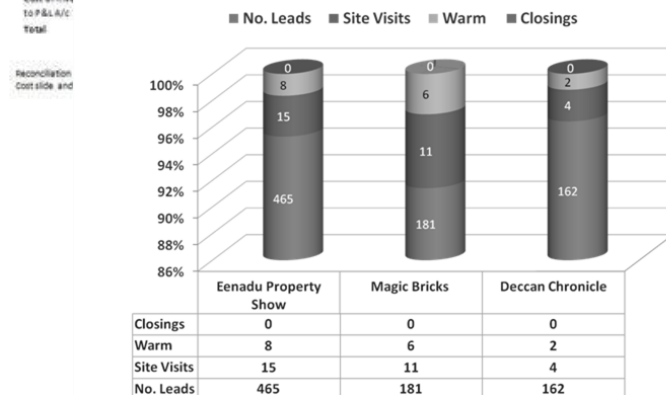
Balance

## Balance Sheet Analysis

- Fixed Assets : The company has not purchased any major assets during the months of July and August 2012.
- Inventory : Break-down of inventory is given as under

Particulars	Rs (in lakhs)		
Particulars	30-Apr-12	30-Jun-12	Difference
<b>Total Equity and Liabilities</b>			
<b>Assets</b>			
Administrative Cost	118	168	51
Management Fees	135	48	-87
Marketing	114	118	5
Legal	14	16	2
Consultancy Fees	105	125	20
Civil Works Cost	1,796	1,904	167
Revenue Sharing with APND	89	89	-
Sub-Station Shifting Cost	63	63	-0
Bank charges	-	-	-
Trade receivables	-	-	-
<b>Current Liabilities &amp; Provisions</b>			
Amount as per Project Cost			4,881
Add: Interest on Debentures			427
Less: Revenue transferred to P			2,043
Less: Advances paid included in Project Cost and not included in Civil works cost			180
Add: Others			-
Less: revenue sharing			378
Less: P&A Margin			124
Less: Fixed Assets recognised as inventory			10
<b>Total as per Contract Cost Slide</b>			3,073

### Recent Activities Sales, Leads – August 2012



## Performance Report

- Project highlights
- Executive summary – key risks and challenges in sales and cash flows
- Sales analysis – collection and rates
- Financial analysis

## Executive Summary.. Budget Vs Actual..

## 6 Project IRR and Investor IRR

- Project and Investor IRR has decreased primarily on account of delay and increased cost of construction. Investor IRR has been computed based on the distribution as per waterfall structure as agreed in the shareholding agreement.

### Projected Cash Flows

Applications	Till March 31, 2011	To Completion		Total	
		Revised BP	As per Acquatory	Revised BP	As per Acquatory
Construction Cost	983	3,344	3,545	4,327	4,528
Interest	363	341	341	704	704
Income Tax	-	846	846	846	846
Other Expenses	299	707	743	1,007	1,042
Land Cost	1,281	-	-	1,281	1,281
Term Loan Repayment	-	2,500	2,500	2,500	2,500
<b>Total Expenditure</b>	<b>2,926</b>	<b>7,739</b>	<b>7,975</b>	<b>10,665</b>	<b>10,901</b>

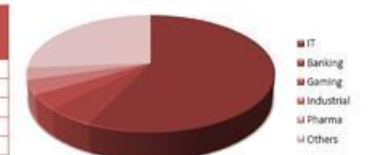
- At this point of time it has become very important to raise cash flows from new pre sales otherwise there could be pressure on the cash flows going forward
- Company has assumed that this gap will be funded through pre sales in their business plan. Discussions with management indicated that there will not be any deficit in cash flows, but analysis of data indicated that there might be pressure on cash flows in Mar 12, June 12 and December 12 quarter if there is any variation in

## Sales Analysis

Description	Revised BP for			Average Rate (with car parking) Per sq ft		
	Feb & Mar 2011	Actual Rate Feb & Mar	Difference	Original BP (1000)	Revised BP as at Mar 2011	Actual Rate till Mar 2011
Residential S3	3,411	3,381	-29	3,800	3,399	3,305
Office 53	4,444	4,312	-132	4,300	4,243	3,571
Shops S3	6,364	7,500	1,136	6,500	6,375	7,227
Retail S2	60	-	-60	70	-	-
Office S2	4,623	-	-4,623	4,500	4,383	4,000
Parking	-	-	-	-	-	-
<b>Total</b>	<b>4,335</b>	<b>4,267</b>	<b>-3,708</b>	<b>4,750</b>	<b>4,657</b>	<b>4,150</b>

Customer Profile  No of Companies Visited Site 52

- |            | No. of companies Visited |
|------------|--------------------------|
| IT         | 85                       |
| Banking    | 8                        |
| Gaming     | 6                        |
| Industrial | 6                        |
| Pharma     | 5                        |
| Others     | 10                       |



No details of pipeline were made available for our review.

Nature of Service Client Served	Investment Advisory	Due Diligence	SOP Development	Asset Management	Internal audit	Project Review
Edelweiss	✓	✓				
Hines	✓	✓				
Piramal NBFC	✓	✓				
Phoenix Mills		✓				
Brookfield		✓		✓		✓
Ansal API		✓			✓	✓
KKR	✓	✓		✓		
L&T Phoenix		✓				
Clearwater	✓	✓			✓	
Oxford properties		✓		✓		
Rustomjee		✓		✓		
Emaar MGF		✓	✓			
Manjeera		✓	✓	✓	✓	✓
IL & FS		✓				
Logix		✓				
Trinity Capital		✓	✓	✓	✓	
Euramco	✓	✓		✓	✓	
Religare	✓	✓	✓	✓		
Sun Apollo		✓				



Nature of Service Client Served	Investment Advisory	Due Diligence	SOP Development	Asset Management	Internal audit	Project Review
DB Realty		✓			✓	
HDFC Fund		✓		✓		✓
Brookfield		✓				✓
Kalpataru					✓	
IREP	✓			✓		
Tata Realty					✓	
Kotak Realty	✓	✓		✓	✓	
BCC Builders			✓		✓	
Kautilya Finance		✓		✓		✓
Reliance Capital		✓		✓		✓
Indiabulls	✓					
Supertech	✓	✓				
SS Group	✓				✓	
Saya Homes	✓					
Shri Group	✓					







Middle Eastern Global  
Sovereign Fund



SachsenFonds  
Kredit-Gruppe



IndusInd Bank











**Sumchit Anand**

Qualification - CA  
Experience - 20+ Years  
Registered Valuer- IBBI



**Krishan Goyal**

Qualification - CA  
Experience - 16+ Years  
Registered Valuer- IBBI



**Kinnari Gandhi**

Qualification - CA  
Experience - 15+ Years



**Puneet Batra**

Qualification - CA  
Experience - 10+ Years

# Contact us

## *Your Growth, Our Business*

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### OUR OFFICES

#### Delhi NCR

1116, 11th Floor, WTT, C-1, Sector 16,  
DND Flyway, Noida – 201301  
T: +91 120 614 300  
Fax: +91 120 6143033

#### Mumbai

102, 1<sup>st</sup> Floor, Naman Centre, BKC,  
Near MMRDA Parking, Bandra East,  
Mumbai City, Maharashtra, 400051  
T: +91 22 68648100  
Fax: +91 22 68648132

#### Bengaluru

BHIVE WORKSPACE- 7th Floor,  
Mahalakshmi Chambers, 29, MG  
Road, Yellappa Garden, Yellappa  
Chetty Layout, Ashok Nagar,  
Bengaluru, Karnataka 560001

[info@acquisory.com](mailto:info@acquisory.com)

Visit us at [www.acquisory.com](http://www.acquisory.com)