

## Independent Auditor's Report

To the Members of DLF Homes Kokapet Private Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of DLF Homes Kokapet Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. 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 financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 31 March 2016, and its loss and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

9. We draw attention to Note 17 to the financial statements which describes the uncertainty related to the outcome of the Special Leave Petition filed by the Company in the Hon'ble Supreme Court relating to refund amounting to ₹1,978,500,000 (previous year ₹1,978,500,000) paid by the Company to Hyderabad Metropolitan Development Authority in respect of a residential project at Kokapet Village, Andhra Pradesh, for which the Company has also incurred development expenditure amounting to ₹777,332,696 (previous year ₹777,332,696). Pending the final outcome of the matter, which is presently unascertainable, no adjustments have been made in the financial statements. Our opinion is not qualified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure A, 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;

# Walker Chandiook & Co LLP

- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. the litigation matter described in paragraph 9 under the Emphasis of Matter paragraph, in case of an unfavorable decision against the Company, in our opinion, may have an adverse effect on the functioning of the Company;
- f. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- g. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 May 2016 as per Annexure B expressed an unqualified opinion; and
- h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. as detailed in Note 17 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*Walker Chandiook & Co LLP*  
For **Walker Chandiook & Co LLP**  
(Formerly Walker, Chandiook & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Nitin Kohli*  
per **Nitin Kohli**  
Partner  
Membership No.: 507771

Place : New Delhi  
Date : 20 May 2016

DLF Homes Kokapet Private Limited  
Balance Sheet as at 31 March 2016

	Notes	31 March 2016 ₹	31 March 2015 ₹
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	100,000	100,000
Reserves and surplus	4	(541,281,585)	(428,203,281)
		<u>(541,181,585)</u>	<u>(428,103,281)</u>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	2,260,000,000	2,260,000,000
		<u>2,260,000,000</u>	<u>2,260,000,000</u>
<b>Current liabilities</b>			
Short-term borrowings	6	932,928,468	825,384,055
Trade payables			
Payable to micro enterprises and small enterprises	22		
Other payables		167,132	
Other current liabilities	7	107,245,811	106,120,044
		<u>1,040,341,411</u>	<u>931,504,099</u>
		<u>2,759,159,826</u>	<u>2,763,400,818</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Long term loans and advances	8	100,000,000	100,501,587
		<u>100,000,000</u>	<u>100,501,587</u>
<b>Current assets</b>			
Inventories	9	2,656,082,696	2,656,082,696
Cash and cash equivalents	10	2,927,130	6,265,300
Short-term loans and advances	11	150,000	395,127
Other current assets	12		156,108
		<u>2,659,159,826</u>	<u>2,662,899,231</u>
		<u>2,759,159,826</u>	<u>2,763,400,818</u>

Summary of significant accounting policies 2

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

This is the Balance Sheet referred to in our report of even date.

*Walker Chandni & Co LLP*  
For Walker Chandni & Co LLP  
(formerly: Walker, Chandni & Co)  
Chartered Accountants

*Nitin Kohli*  
per Nitin Kohli  
Partner

For and on behalf of the Board of Directors of  
DLF Homes Kokapet Private Limited

*Atul Srivastava*  
Atul Srivastava  
Director  
(DIN: 01802182)

*Debashis Mukherjee*  
Debashis Mukherjee  
Director  
(DIN: 02319895)

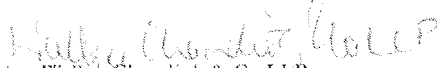
Place : New Delhi  
Date : 20 May 2016

DLF Homes Kokapet Private Limited  
Statement of Profit and Loss for the year ended 31 March 2016

	Notes	31 March 2016 ₹	31 March 2015 ₹
<b>Income:</b>			
Other income	13	571,755	2,451,793
<b>Total revenue (I)</b>		<b>571,755</b>	<b>2,451,793</b>
<b>Expenses:</b>			
Finance costs	14	112,909,169	105,015,130
Other expenses	15	740,890	447,663
<b>Total expenses (II)</b>		<b>113,650,059</b>	<b>105,462,793</b>
<b>Loss before and after tax (I)-(II)</b>		<b>(113,078,304)</b>	<b>(103,011,000)</b>
<b>Loss per share (₹) (basic and diluted)</b>	16	<b>(11,308)</b>	<b>(10,301)</b>

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

This is the Statement of Profit and Loss referred to in our report of even date.

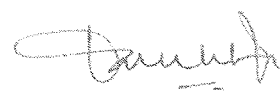
  
For Walker Chandok & Co LLP  
(formerly Walker, Chandok & Co)  
Chartered Accountants

  
per Nitin Kohli  
Partner

Place : New Delhi  
Date : 20 May 2016

For and on behalf of the Board of Directors of  
DLF Homes Kokapet Private Limited

  
Atul Srivastava  
Director  
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Director  
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