

INDEPENDENT AUDITOR'S REPORT

To the Members of DLF Southern Homes Private Limited

Report on the Financial Statements

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

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control 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 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. 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

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2016, its loss and its cash flows for the year ended on that date.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Report on Other Legal and Regulatory Requirements

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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 it 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) 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;
 - (e) On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 and 36 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

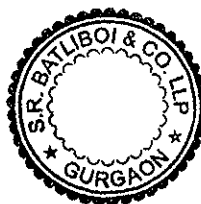
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per **Amit Gupta**

Partner

Membership Number: 501396



Place: Gurgaon

Date: May 18, 2016

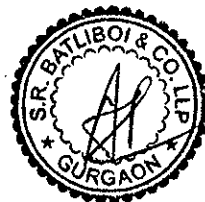
S.R. BATLIBOI & Co. LLP

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Annexure 1 referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirement' section of our report of even date

Re: DLF Southern Homes Private Limited ("the Company")

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given by the management, the title deed/development rights of immovable properties included in fixed assets is held in the name of the Company.
- ii) The management has conducted physical verification of raw material inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Company does not hold any inventories of finished goods, stores, spare parts. With regard to Land and development rights in land held for the Real Estate Projects, included under the head 'Inventories', the Company is maintaining proper records of inventory. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company in respect of these project inventories.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- v) The Company has not accepted any deposits from the public during the year.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013 related to the Company's real estate projects and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) (a) Undisputed dues including provident fund, income-tax, sales-tax, service tax, duty of custom, value added tax, cess and other material statutory dues have generally been regularly deposited with appropriate authorities though there has been slight delay in a few cases. The provisions relating to duty of excise and employees' state insurance are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, sales-tax, duty of custom, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to duty of excise and employees' state insurance are not applicable to the Company.



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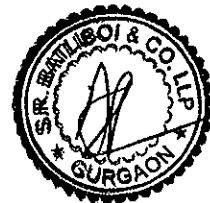
- (c) According to the records of the Company, the dues outstanding of value added tax and income-tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act, 2003	Value added tax including interest thereon	7,824,903*	Financial year 2009-10 and 2010-11	Appellate Tribunal Commercial Taxes, Ernakulam
Income tax Act, 1961	Disallowances /penalty made by Assessing Officer	13,257,455 48,42,700	A.Y. 2008-09 A.Y. 2009-10	Income Tax Appellate Tribunal Income Tax Appellate Tribunal

* net of Rs. 9,563,771 paid under protest

There are no dues of duty of customs, duty of excise service tax and cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a debentures, financial institution or government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



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- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

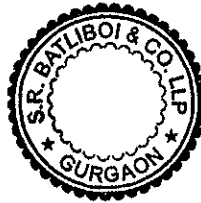
Firm Registration Number: 301003E/E300005



per **Amit Gupta**

Partner

Membership Number: 501396



Place: Gurgaon

Date: May 18, 2016

ANNEXURE -2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DLF SOUTHERN HOME PRIVATE LIMITED

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

To the Members of DLF Southern Homes Private Limited

We have audited the internal financial controls over financial reporting of DLF Southern Homes Private Limited ("the Company") as of March 31, 2016 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. 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 the 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.

Auditor's 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 as specified 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 judgement, 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 internal financial controls system over financial reporting.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

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 March 31, 2016, 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.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Amit Gupta**

Partner

Membership Number: 501396



Place: Gurgaon

Date: May 18, 2016

DLF Southern Homes Private Limited
Balance Sheet as at March 31, 2016

	Notes	March 31, 2016 Rs.	March 31, 2015 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	4,630,958,410	4,630,958,410
Reserves and surplus	4	308,428,606	1,819,938,432
		4,939,387,016	6,450,896,842
Non-current liabilities			
Other long term liabilities	5	226,047,303	280,135,744
Long-term provisions	6	8,038,401	7,911,120
		234,085,704	288,046,864
Current liabilities			
Short-term borrowings	7	1,801,199,998	396,499,998
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		734,028,848	1,071,652,452
Other current liabilities	8	1,580,493,819	2,047,795,391
Short-term provisions	6	4,225,770	4,155,288
		4,119,948,435	3,520,103,129
Total		9,293,421,155	10,259,046,835
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	461,154,687	481,941,021
Non-current investments	10	94,504,410	94,504,410
Deferred tax assets (net)	11	-	-
Loans and advances	12	181,048,405	231,975,444
		736,707,502	808,420,875
Current assets			
Inventories	14	7,137,256,048	7,782,107,351
Trade receivables	13.1	104,073,742	73,952,252
Cash and bank balances	15	375,813,906	113,877,581
Loans and advances	12	159,263,407	338,432,508
Other current assets	13.2	780,306,550	1,142,256,268
		8,556,713,653	9,450,625,960
Total		9,293,421,155	10,259,046,835
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
 Firm Registration Number: 301003E/ E300005
 Chartered Accountants

per Amit Gupta
 Partner
 Membership Number.: 501396

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

Surojit Basak
 Director
 DIN: 00017826

Siddharth Gupta
 Director
 DIN: 05146690

Debashis Mukherjee
 Chief Financial Officer

Pradeep Garg
 Company Secretary

Jay Krishna Subrahmanian
 Manager

Place: Gurgaon
 Date: 18 MAY 2016



Place: Gurgaon
 Date: May 18, 2016



DLF Southern Homes Private Limited
Statement of profit and loss for the year ended March 31, 2016

	Notes	March 31, 2016 Rs.	March 31, 2015 Rs.
INCOME:			
Income from real estate operations	16	230,582,000	1,100,989,502
Other income	17	47,535,697	16,034,422
		<u>278,117,697</u>	<u>1,117,023,924</u>
EXPENSES			
Cost of sales	18	1,292,898,188	1,143,185,331
Club and maintenance cost	19	20,002,875	37,026,206
Employee benefits expense	20	29,124,157	27,148,331
Other expenses	21	87,611,687	111,747,933
Depreciation expense	9	17,888,678	14,467,836
Finance costs	22	305,851,824	43,725,033
		<u>1,753,377,409</u>	<u>1,377,300,670</u>
Prior period items	23	-	1,433,163
Loss before tax		(1,475,259,712)	(261,709,909)
Tax expenses:			
Current tax		-	-
MAT credit reversal		36,250,114	23,948,686
Net current tax		36,250,114	23,948,686
Deferred tax expense		-	10,443,852
Total tax expense		<u>36,250,114</u>	<u>34,392,538</u>
Loss from continuing operations after tax		(1,511,509,826)	(296,102,447)

Earnings/(loss) per equity share [nominal value of share Rs. 10 (March 31, 2015 : Rs. 10)]

Basic	(39.68)	(7.77)
Computed on the basis of total loss for the year		
Diluted	(39.68)	(7.77)
Computed on the basis of total loss for the year		

Significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

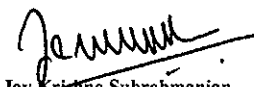
For S.R. Batliboi & Co. LLP
 Firm Registration Number: 301003E/ E300005
 Chartered Accountants


 per Amit Gupta
 Partner
 Membership Number.: 501396

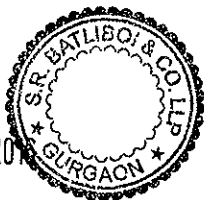
For and on behalf of the Board of Directors of
DLF Southern Homes Private Limited

  
 Surojit Basak Siddharth Gupta Debashis Mukherjee
 Director Director Chief Financial Officer
 DIN: 00017826 DIN: 05146690

Pradeep Garg
 Company Secretary


 Jay Krishna Subrahmanian
 Manager

Place: Gurgaon
 Date: 18 MAY 2016



Place: Gurgaon
 Date: May 18, 2016

