



## AUDITOR'S REPORT

### TO THE MEMBERS OF PALIWAL DEVELOPERS LIMITED

#### Opinion

We have audited the standalone financial statements of **Paliwal Developers Limited** ("the Company"), which comprise the balance sheet as at 31st March 2016, and the statement of Profit and Loss, statement of cash flows for the year then ended, and notes to the financial statements, including 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, 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, 2016, and its profit, cash flows for the year ended on that date.

#### Basis for Opinion

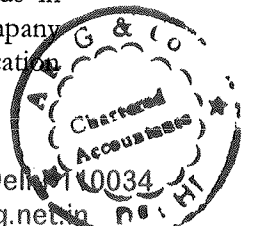
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Report on the Audit of the Standalone Financial Statements

We have audited the accompanying financial statements of **Paliwal Developers Limited**, which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Responsibility of Management for Standalone 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 that give a true and fair view of the financial position, financial performance, 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. 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 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.

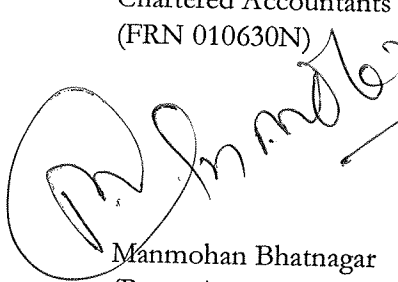
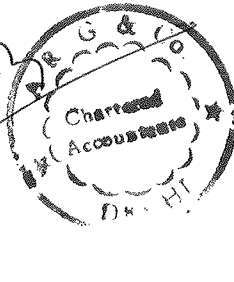
### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by Central Government of India in terms of sub-section (11) of section 143 of the act, we give in the Annexure 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) 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;
  - b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - d) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2016, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - e) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
  - f) 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 statement. Refer note no. 26 of the financial statement.
- 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.

For and on behalf of  
**ARG & Co.**  
**(Formerly C N K & Co.)**  
Chartered Accountants  
(FRN 010630N)

Manmohan Bhatnagar  
(Partner)  
M. No. 514261  
Firm Regn no. 010630N  
Place: New Delhi  
Date: May 25<sup>th</sup>, 2016

## Annexure to the Auditor's Report

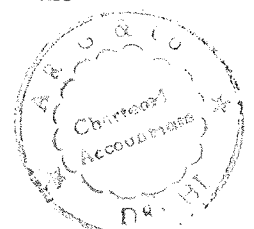
### Annexure to the Auditor's Report of even date to the members of Paliwal Developers Limited, on the financial statements for the year ended on 31<sup>st</sup> March 2016.

Based on the audit procedures performed for the purpose of expressing an opinion on the true and fair view of the financial statements of the company and considering the information and explanations given to us and books of accounts and other records provided to us during the normal course of audit, we hereby report that:-

- i)
  - a. According to the information and explanations given to us, the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. According to the information and explanations given to us, the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - c. According to the information and explanation given to us, the company does not hold any immovable properties during the year. Accordingly, the provision of clause 1(c) of the order is not applicable to the company.
- ii) According to the information and explanations provided to us, the physical verification of inventory has been conducted at reasonable intervals by the management no material discrepancies were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Sec. 189 of the Companies Act. Accordingly the provisions of clause 3(iii) of the order are not applicable to the company.
- iv) According to the information and explanations provided to us, the company does not have any loans, investment, guarantees and security during the year. Accordingly the provision of clause 3(iv) of the order is not applicable to the company.
- v) During the year, the company has not accepted any deposits as defined in section 73 and section 76 of the Companies Act, 2013 or rules made thereunder. Accordingly the provision of clause 3(v) of the order is not applicable to the company.
- vi) According to the information and explanations provided to us, the sub-section (1) of section 148 of the Companies Act, 2013 read with the Companies (Cost Accounting Records) Rules 2011 are applicable to the Company for its real estate operations, however, the company has not carried out any such operations during the year for which the cost records are required to be maintained. Accordingly, the provisions of the clause (vi) of the order are not applicable to the company.



- vii)
- a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess were outstanding, as at 31.03.2016 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no disputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, value added tax and cess were outstanding, as at 31.03.2016 for a period of more than six months from the date they became payable.
- viii) In our opinion and according to the information and explanations given to us, the company has not obtained any loans or borrowings from any financial institution, Bank, Government or debenture holders. Accordingly the provision of clause 3(viii) of the order is not applicable to the company.
- ix) According to the information & explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan. Accordingly the provision of clause 3(ix) of the order is not applicable to the company.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information & explanation given to us, the company has not paid or provided any managerial remuneration as defined by the provisions of the section 197 of the Companies Act, 2013. Accordingly the provision of clause 3(xi) of the order is not applicable to the company.
- xii) In our opinion and according to the information & explanation given to us, the company is not a nidhi company. Hence the provision of clause 3(xii) of the order is not applicable to the company.
- xiii) During the year, the company has not entered into any transactions with related parties in compliance with the provisions of the sections 177 & 188 of the Companies Act, 2013. Hence the provision of clause 3(xiii) of the order is not applicable to the company.
- xiv) According to the information & explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provision of clause 3(xiv) of the order is not applicable to the company.
- xv) According to the information & explanation given to us, the company has not entered into any non-cash transaction with directors or any person connected with him. Accordingly the provision of clause 3(xv) of the order is not applicable to the company.



- xvi) In our opinion and according to the information & explanation given to us and, the company is not required to be registered under section 45-IA of the Reserves Bank of India Act, 1934. Accordingly the provision of clause 3(xvi) of the order is not applicable to the company.

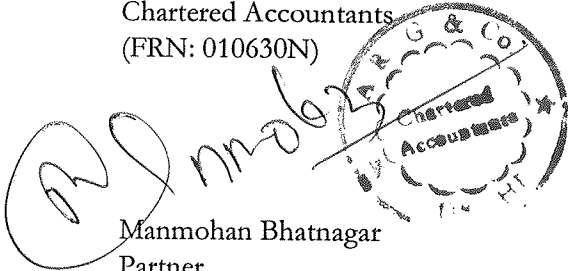
For and on behalf of

**ARG & Co.**

**(Formerly C N K & Co.)**

Chartered Accountants

(FRN: 010630N)

A handwritten signature in black ink, appearing to read 'Manmohan Bhatnagar', is written over a circular stamp. The stamp contains the text 'ARG & Co.' at the top, 'Chartered Accountants' in the center, and 'IN INDIA' at the bottom. There are also small stars on either side of the central text.

Manmohan Bhatnagar

Partner

M.No. 514261

Place: New Delhi

Date: May 25<sup>th</sup>, 2016

## **Annexure - A 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")**

In conjunction with our audit of the financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2016, we have audited the internal financial controls over financial reporting of **Paliwal Developers Limited**.

#### **Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the company, are 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.

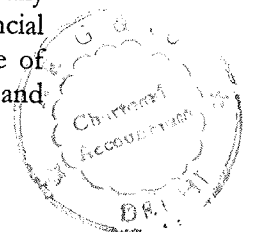
#### **Auditors' Responsibility**

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") issued by ICAI 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 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.

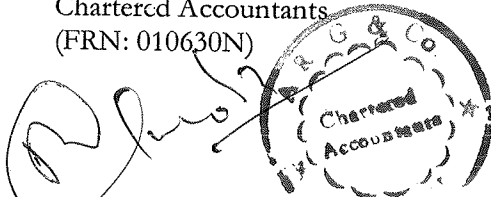
### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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, **Paliwal Developers Limited**, 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 31 March 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 ICAI.

For and on behalf of  
**ARG & Co.**  
(Formerly known as C N K & Co.)  
Chartered Accountants  
(FRN: 010630N)



**Manmohan Bhatnagar**

Partner

M.No. 514261

Place: New Delhi

Date: May 25<sup>th</sup>, 2016



PALIWAL DEVELOPERS LIMITED

CIN : U74899DL2003PLC123063

Regd. Office: DLF Centre, Sansad Marg, New Delhi-110001

Balance Sheet as at March 31, 2016

(Amount in Rs.)

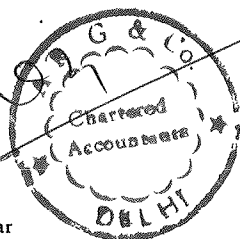
Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	500,000	500,000
Reserve & surplus	4	375,366,726	346,392,370
<b>Non-current liabilities</b>			
Other long term liabilities	5	5,475,511	5,727,352
<b>Current liabilities</b>			
Short term borrowings	6	27,681,584	29,170,583
Trade payables	7	226,212	229,287
Other current liabilities	8	23,581,329	22,218,572
Short term provisions	9	14,756,787	-
<b>Total</b>		<b>447,588,149</b>	<b>404,238,164</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10	153,036	267,919
Deferred tax assets(Net)	11	84,366	10,184,763
<b>Current assets</b>			
Inventories	12	225,184,511	263,666,403
Trade receivables	13	74,940,201	30,015,032
Cash and cash equivalents	14	17,865,949	8,930,925
Short-term loans and advances	15	64,868,249	74,966,366
Other current assets	16	64,491,837	16,206,756
<b>Total</b>		<b>447,588,149</b>	<b>404,238,164</b>
Summary of Significant Accounting Policies	2		
The accompanying notes are an integral part of these financial statements			

Based on our Audit report of even date attached.

For and on behalf of  
ARG & Co.  
(Formerly CNK & Co.)  
Chartered Accountants

Manmohan Bhatnagar  
Partner  
Membership No. 514261  
Firm Rg No. 010630N

Place : New Delhi  
Date: 25<sup>th</sup> May, 2016



For and on behalf of the Board of Directors  
PALIWAL DEVELOPERS LIMITED

Gopal Ramdev  
Director  
DIN: 00003170

Ashok Tyagi  
Director  
DIN: 00004532

*Path*

**PALIWAL DEVELOPERS LIMITED**

CIN : U74899DL2003PLC123063

Regd. Office: DLF Centre, Sansad Marg, New Delhi-110001.

**Profit & Loss Account for the year ended March 31,2016**

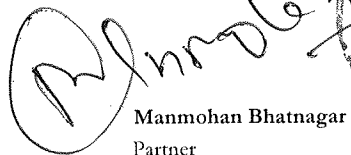
(Amount in Rs.)

Particulars	Note	Year ended March 31,2016	Year ended March 31, 2015
<b>REVENUE</b>			
Revenue from operations	17	148,216,613	29,609,198
Other income	18	10,452,789	8,961,270
<b>I. Total Revenue</b>		158,669,402	38,570,468
<b>EXPENSES</b>			
Cost of material consumed	19	-	2,300,163
Change in inventories	20	38,481,892	(419,357)
Finance cost	21	4,527,129	2,126,070
Other expenses	22	52,980,339	41,056,457
Depreciation	10	114,883	114,878
<b>II. Total Expenses</b>		96,104,243	45,178,210
<b>III. Profit before tax (I-II)</b>		62,565,159	(6,607,742)
<b>IV. Tax expense</b>			
- Current Tax		21,868,113	-
- Income tax for the earlier year		1,622,293	2,663,752
- Deferred Tax		10,100,397	(2,002,725)
<b>Profit/(Loss) for the year (III-IV)</b>		28,974,356	(7,268,769)
<b>Earnings/(loss) per equity share</b> (Basic and diluted)	23	2,897.44	(726.88)
<b>Summary of Significant Accounting Policies</b>	2		

The accompanying notes are an integral part of these financial statements

Based on our Audit report of even date attached.

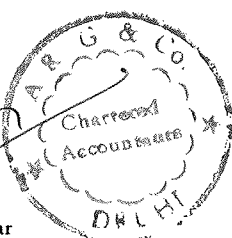
For and on behalf of  
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Chartered Accountants

  
**Manmohan Bhatnagar**  
Partner

Membership No. 514261  
Firm Rg No. 010630N

Place : New Delhi

Date: 25<sup>th</sup> May 2016



For and on behalf of the Board of Directors  
**PALIWAL DEVELOPERS LIMITED**

  
**Gopal Ramdev**  
Director  
DIN: 00003170

  
**Ashok Tyagi**  
Director  
DIN: 00004532

*Rep*