AUDITOR'S REPORT

TO THE MEMBERS OF DLF RESIDENTIAL DEVELOPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DLF Residential Developers Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') 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 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 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

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 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 these financial statements are free from material misstatement.

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DELHI

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 judgement, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Note-24 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note-24, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
Our opinion is not modified in respect of these matter.

A R G & Co. LLP
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DELHI

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 Section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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;

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 Ind AS specified under Section 133 of the Act;

e) The going concern matter described under the Emphasis of Matters paragraph above, 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 March 31, 2018 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 on March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 15, 2018 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigation which would impact its financial position;

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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 **ARG & Co LLP**
Chartered Accountants
Firm's Registration No.: 010630N/N500036

Manmohan Bhatnagar
(Partner)
M. No. 514261
Firm Regn no. 010630N/N500036
Place: New Delhi
Date: 15.05.2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's product/services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is generally regular in depositing 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 other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

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DELHI

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) During the year, the company has entered into the transactions with related parties in compliance with the provisions of the sections 177 & 188 of the Companies Act, 2013, where applicable and accordingly details have been disclosed under Note 23 of the financial statements, as required.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
A R G & Co. LLP
Chartered Accountants

A R G & Co. LLP
CHARTERED ACCOUNTANTS
DELHI

Manmohan Bhatnagar
Partner
M.No. 514261
FRN: 010630N/N500036
Place: New Delhi
Date: 15-05-2018

Annexure B

Independent Auditor's 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 DLF Residential Developers Limited ("the Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as of that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by 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 the Company's 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

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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 Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A Company's IFCoFR 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 IFCoFR include 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 IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A.R. G & Co. LLP
CHARTERED ACCOUNTANTS
DELHI

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal controls over financial reporting were operating effectively as at March 31, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For and on behalf of
A R G & Co. LLP
Chartered Accountants

Manmohan Bhatnagar
Partner
M.No. 514261
FRN: 010630N/N500036
Place: New Delhi
Date: 15-05-2018

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Regd. Office: 1E, Jhandewalan Extension, Naaz Cinema Complex New Delhi-110055

Balance Sheet as at March 31, 2018

(Amount in lacs ₹)

Particulars	Note No.	As at March 31, 2018 (Audited)	As at 31 March 2017 (Audited)
ASSETS			
Non-current assets			
a) Deferred tax asset	5	987.07	1,004.07
Current assets			
a) Inventories	6	1,377.47	1,751.82
b) Financial assets			
i) Cash and cash equivalents	7	92.77	133.34
c) Current Tax Assets (Net)	8	5.07	0.86
Total Assets		2,462.38	2,890.08
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	9	50.00	50.00
b) Other equity		(2,111.13)	(1,637.46)
LIABILITIES			
(1) Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	10	116.44	102.59
b) Other non-current liabilities	11	14.90	29.81
(2)Current liabilities			
a) Financial liabilities			
i)Borrowings	12	4,236.75	4,115.25
ii)Trade payables	13	1.04	1.05
iii)Other financial liabilities	14	108.46	101.90
b) Other current liabilities	15	45.91	126.94
Total Equity and Liabilities		2,462.38	2,890.08

The accompanying notes from 1 to 38 forms an integral part of these financial statements

Based on our audit report of even date attached.

For and on behalf of
A R G & Co. LLP
Chartered Accountants
FRN : 010630N/N500036

A R G & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

For and on behalf of the Board of Directors
DLF Residential Developers Limited

Atul Srivastava
DIN: 1802182
Director

Ashok Nanda
DIN: 07902699
Director

Place : Gurugram
Date : 15.05.2018

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Regd. Office: 1E, Jhandewalan Extension, Naaz Cinema Complex New Delhi-110055

Statement of Profit and Loss for the year ended March 31, 2018

(Amount in lacs ₹)

Particulars	Note No.	For the year ended 31st March 2018 (Audited)	For the year ended 31st March 2017 (Audited)
Income			
Revenue from operations	16	420.66	-
Other income	17	14.90	14.90
Total Income		**435.56**	**14.90**
Expenses			
Cost of revenue	18		
Cost incurred during the year		8.07	-
Change in inventories of Stock In Trade		374.35	-
Finance cost	19	493.40	453.03
Other expenses	20	16.41	12.92
Total Expense		**892.23**	**465.96**
(Loss) before tax		**(456.67)**	**(451.06)**
Tax expense			
Current Tax		-	-
Deferred tax charge/(credit)	21	(16.99)	(9.66)
(Loss) after tax and for the year		**(473.67)**	**(460.71)**
Other comprehensive income			
A i) Items that will not be reclassified to profit and loss		-	-
ii) Income tax relating to items that will not be reclassified to profit or		-	-
B i) Items that will be reclassified to profit or loss		-	-
ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income			
Total comprehensive (loss) for the year		**(473.67)**	**(460.71)**
Earnings per equity share (face value of Rs 10 per share) (not annualised)	22		
Basic (₹)		(94.73)	(92.14)
Diluted (₹)		(94.73)	(92.14)

The accompanying notes from 1 to 38 forms an integral part of these financial statements

Based on our audit report of even date attached.

For and on behalf of
A R G & Co. LLP
Chartered Accountants
(FRN : 010630N/N500036)

A R G & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

Place : Gurugram
Date : 15.05.2018

For and on behalf of the Board of Directors
DLF Residential Developers Limited

Atul Srivastava
DIN: 1802182
Director

Ashok Nanda
DIN: 07902699
Director

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Regd. Office: 1E, Jhandewalan Extension, Naaz Cinema Complex New Delhi-110055

Cash flow statement for the year ended March 31, 2018

(Amount in lacs ₹)

	Particulars	For the year ended 31st March 2018 (Audited)	For the year ended 31st March 2017 (Audited)
A.	**Cash flow from operating activities**		
	Net loss before tax	(456.67)	(451.06)
	Adjustment for:		
	Interest expense	479.54	440.83
	Ind AS adj		
	Int income	(14.90)	(14.90)
	Int exp	13.85	12.20
	Operating loss before working capital changes	21.82	(12.92)
	Movement in working capital:		
	(Increase) in non current assets	(4.21)	
	Decrease in inventories	374.35	-
	(Decrease)/ Increase in trade payables and other current liabilities	(85.69)	31.40
	Increase in non-current liabilities	-	150.00
	Cash generated from operating activities	306.27	168.48
	Income tax paid (net of refunds)	-	
	Net cash flow from operating activities (A)	306.27	168.48
B.	**Cash flow from investing activities**		
	Net cash flow from investing activities (B)	-	-
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	121.50	3,730.00
	Repayment of borrowings		(2,763.68)
	Interest paid	(468.34)	(1,072.17)
	Net cash (used in)/ flow from financing activities (C)	(346.84)	(105.85)
	Net increase in cash and cash equivalents (A) + (B) + (C)	(40.57)	62.63
	Opening cash and cash equivalents	133.34	70.71
	Closing cash and cash equivalents (refer note 7)	92.77	133.34
		(40.57)	62.63

The accompanying notes from 1 to 38 forms an integral part of these financial statements

Based on our audit report of even date attached.

For and on behalf of
A R G & Co. LLP
Chartered Accountants
(FRN : 010630N/N500036)

A R G & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

Place : Gurugram
Date : 15.05.2018

For and on behalf of the Board of Directors
DLF Residential Developers Limited

Atul Srivastava
DIN: 1802182
Director

Ashok Nanda
DIN: 07902699
Director

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Regd. Office: 1E, Jhandewalan Extension, Naaz Cinema Complex New Delhi-110055

Statement of changes in equity for the year ended March 31, 2018

A Equity share capital*

(Amount in lacs ₹)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
Total	50.00	-	50.00

*Refer note 10

B Other equity

(Amount in lacs ₹)

Description	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Reserves and surplus			Debt instruments through other Comprehensive Income	Equity instruments through other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of other Comprehensive Income	Money received against share warrants	Total
				Securities Premium Reserve		Retained Earnings								
Balance as at 1 April 2016 (Audited)	-	-	-	-	-	(1,176.75)	-	-	-	-	-	-	-	(1,176.75)
Changes in accounting Policies or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance at the Beginning of the year	-	-	-	-	-	(1,176.75)	-	-	-	-	-	-	-	(1,176.75)
Total Comprehensive Income for the year	-	-	-	-	-	(460.71)	-	-	-	-	-	-	-	(460.71)
Balance as at 31 March 2017 (Audited)	-	-	-	-	-	(1,637.46)	-	-	-	-	-	-	-	(1,637.46)
Balance as at 1 April 2017 (Audited)	-	-	-	-	-	(1,637.46)	-	-	-	-	-	-	-	(1,637.46)
Changes in accounting Policies or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance at the Beginning of the year	-	-	-	-	-	(1,637.46)	-	-	-	-	-	-	-	(1,637.46)
Total Comprehensive Income for the year	-	-	-	-	-	(473.67)	-	-	-	-	-	-	-	(473.67)
Balance as at 31 March 2018 (Audited)	-	-	-	-	-	(2,111.13)	-	-	-	-	-	-	-	(2,111.13)

This is the statement of changes in equity referred to in our report of even date.

For and on behalf of
A R G & Co. LLP
Chartered Accountants
(FRN : 010630N/N500036)

A R G & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

Place : Gurugram
Date : 15.05.2018

For and on behalf of the Board of Directors
DLF Residential Developers Limited

Ashok Nanda

Atul Srivastava
DIN: 1802182
Director

Ashok Nanda
DIN: 07902699
Director

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

1. Corporate Information

Nature of Operations

DLF Residential Developers Limited ('the Company') is engaged primarily in the business of real estate development.

General information and statement of compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Company has uniformly applied the accounting policies during the periods presented.

The financial statements for the year ended March 31, 2018 were authorized and approved for issue by the Board of Directors on 15/5/18

2. Recent accounting pronouncement

Appendix B to Ind AS 21, on Foreign currency transactions and advance consideration:
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

CHARTERED ACCOUNTANTS
DELHI

DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

3. Basis of preparation of financial statement

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) & the provisions of the Companies Act , 2013 ('Act') (to the extent notified) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amended Rules issued thereafter.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards", with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use..

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

As the yearend figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the yearend figures reported in this statement.

4. Significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with IND AS requires management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

b) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

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Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Useful lives of depreciable/ amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Revenue recognition

Sale of land and plots
Sale of land and plots is recognised in the financial year in which the agreement to sell/application forms (containing salient terms of agreement to sell) is executed and there exists no uncertainty in the ultimate collection of consideration from buyers. Where the Company has any remaining substantial obligations as per agreements, revenue is recognised on percentage of completion method of accounting.

Interest Income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Cost of revenue

Cost of land and plots includes land, acquisition cost, estimated internal development costs and external development charges, borrowing cost which is charged to the statement of profit and loss based on the percentage of land/plotted area in respect of which revenue is recognised as per accounting policy for revenue from land and plots, in consonance with the concept of matching cost and revenue. Final adjustment is made on completion of the applicable scheme.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Impairment of financial assets

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

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Allowances for expected credit loss

The Company makes allowances for expected credit loss based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

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f) Revenue recognition

Revenue is recognized on accrual basis to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Interest Income
Interest income is recognized on time proportion basis taking into account the amount outstanding and using the effective interest rate (EIR) method.

g) Cost of construction
Cost of construction includes cost of land (i.e. the amount spent on development or construction of built up area), estimated internal development costs, external development charges, borrowing costs, overheads, construction costs and development/construction materials, which is charged to the statement of profit and loss based on the revenue recognized as explained in accounting policy for revenue from real estate projects above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the specific project.

h) Inventories

Land and real estate project work in progress are valued at lower of cost and net realisable value. Cost includes land (including development rights) acquisition cost, borrowing cost, estimated internal development costs and external development charges.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

j) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred income tax and current income tax which are not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are calculated using the liability method. Deferred income tax liabilities are generally recognised in full for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred

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income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

k) Provisions, contingent assets & Contingent liabilities

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

l) Financial instruments

Recognition of Financial Instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Loans & advances and all other regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Initial Measurement of Financial Instruments:

Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit or loss.

Subsequent Measurement:

Financial Assets:

(i) Financial Assets carried at Amortised Cost (AC):

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI):

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial Assets at Fair Value through Profit or Loss (FVTPL) :

A financial asset which is not classified in any of the above categories are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

(iv) Effective Interest Method :

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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(v) Impairment of Financial Assets :

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. In cases where the amounts are expected to be realized up to one year from the date of the invoice, loss for the time value of money is not recognized, since the same is not considered to be material.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not

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increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

(vi) Derecognition of Financial Assets :

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On de recognition of a financial asset accounted under Ind AS 109 in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognized in the statement of profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer.

(vii) Modification/ Revision in Estimates of Cash Flows of Financial Assets :

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, The Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Various quantitative and qualitative factors are considered to determine whether the renegotiated terms are substantially different and whether the same would amount to extinguishment of financial asset and recognition of a new financial asset. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset

(viii) Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies

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financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains / losses (including impairment gains or losses) or interest.

Financial Liabilities and Equity Instruments:

(i) Classification as Debt or Equity :

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity Instruments :

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial Liabilities :

A financial liability is any liability that is:

(a) **Contractual Obligation** :

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

(b) A contract that will or may be settled in the entity's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

The Company has not designated any financial liabilities at FVTPL

(iv) Derecognition of Financial Liabilities :

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference

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between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

(v) Offsetting of Financial Assets and Financial Liabilities :

The Company offsets financial assets and financial liabilities in the balance sheet when:

- the Company currently has a legally enforceable right to offset the amounts; and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

m) Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If, at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

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DLF Residential Developers Limited
CIN-U45200DL2008PLC181611
Regd. Office: 1E, Jhandewalan Extension, Naaz Cinema Complex New Delhi-110055

Notes to the financial statements for the year ended March 31, 2018

(Amount in lacs ₹)

Particulars	As at March 31, 2018 (Audited)	As at 31 March 2017 (Audited)
5 Deferred tax asset		
Arising on account of		
Unabsorbed business losses	987.07	1,004.07
	987.07	**1,004.07**

The Company has unabsorbed business losses of March 31, 2018 Rs. 33.89 Cr on which deferred tax asset is

(i) Caption wise movement in deferred tax assets as follows: (₹ in lakhs)

Particulars	April 1, 2016	Recognised in profit and loss	March 31, 2017
Assets			
Unabsorbed business losses	1,013.72	(9.66)	1,004.07
Total	**1,013.72**	**(9.66)**	**1,004.07**

(₹ in lakhs)

Particulars	March 31, 2017	Recognised in profit and loss	March 31, 2017
Assets			
Unabsorbed business losses	1,004.07	(16.99)	987.06
Total	**1,004.07**	**(16.99)**	**987.06**

6 Inventories (valued at lower of cost and net realisable value)		
Developed Plots	1,377.47	1,751.82
	1,377.47	**1,751.82**

* Out of the above, 13 plots are under an MOU entered into with a certain developer for the development of the said plots.

7 Cash and cash equivalents		
Balance with banks		
In current account	92.77	133.34
	92.77	**133.34**
8 Current tax asset (net)		
Prepaid taxes	5.07	0.86
	5.07	**0.86**

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Notes to the financial statements for the year ended March 31, 2018

(Amount in lacs ₹)

	Particulars	As at March 31, 2018 (Audited)	As at 31 March 2017 (Audited)
9	EQUITY		
	EQUITY SHARE CAPITAL		
(A)	Authorised share capital		
	500,000 (Previous Year 500,000) equity shares of ₹ 10 each	50.00	50.00
		50.00	50.00
	Issued, subscribed and paid-up		
	500,000 (Previous Year- 500,000) equity shares of ₹ 10 each fully paid up	50.00	50.00
		50.00	50.00

(B) Reconciliation of numbers of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2018 (Audited)	As at 31 March 2017 (Audited)
Equity Shares	No. of shares	No. of shares
Issued during the year	-	-
Outstanding at the end of the year	500,000	500,000
-	500,000	500,000

(C) Rights, preferences and restrictions attached to equity shares :

Rights, preferences and restrictions (including restrictions on distributions of dividends and repayment of capital) attached to the class of shares	Type of shares
The Company has only one class of Equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company holders of equity shares will be entitled to receive any of the remaining assets of the Company after settling all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.	Equity

c) Details of shareholders holding more than 5% shares (Equity)

Name of the shareholder	No of shares held in the company	Percentage of shares held
DLF Homes Developers Limited (inclusive of nominee shares)	400,000	80%
DLF Ltd	100,000	20%
	-	

(Amount in lacs ₹)

	Particulars	As at March 31, 2018 (Audited)	As at 31 March 2017 (Audited)
10	Other financial liabilities - non current		
	Security deposits	116.44	102.59
		116.44	102.59
11	Other non-current liabilities		
	Deferred income	14.90	29.81
		14.90	29.81
12	Borrowings - current		
	Loans and advances from related parties		
	Unsecured		
	Loan from DLF Home Developers Limited, the holding company*	4,236.75	4,115.25
		4,236.75	4,115.25
	*Repayable on demand and carries interest @ 11.5% per annum as at the balance sheet date		
13	Trade payables		
	-Payable to MSMED (Refer Note no.26)	-	-
	-Other Payables	1.04	1.05
		1.04	1.05
14	Other financial liabilities		
	Interest accrued	107.99	101.44
	Security deposits	0.46	0.46
		108.46	101.90
15	Other current liabilities		
	Realisation under agreement to sell	18.83	104.66
	Deferred income	14.90	14.90
	Statutory dues	12.18	7.38
		45.91	126.94

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Notes to the financial statements for the year ended March 31, 2018

(Amount in lacs ₹)

	Particulars	For the year ended 31st March 2018 (Audited)	For the year ended 31st March 2017 (Audited)
16	**Revenue from operations**		
	Sale of developed plots	420.66	-
		420.66	-
17	**Other income**		
	Interest income from amortised cost instrument	14.90	14.90
		14.90	14.90
18	**Cost of revenue**		
	Opening stock of plots	1,751.82	1,751.82
	Addition during the year (i.e expenses incurred on project approvals)	8.07	-
	Closing stock of plots	(1,377.47)	(1,751.82)
		382.42	-
19	**Finance costs**		
	Interest on borrowings	479.54	440.83
	Interest expense on amortised cost instrument	13.85	12.20
	Bank charges	0.01	-
		493.40	453.03
20	**Other expenses**		
	Maintenance expenses	14.22	10.70
	Fees and taxes	0.04	0.04
	Payment to auditors (refer details below)	1.32	1.26
	Legal and professional expense	0.83	0.92
		16.41	12.92
	Payment to auditors		
	Audit fees*	1.18	1.26
	Out of pocket expenses*	0.14	
		1.32	1.26
	* inclusive of GST		
21	**Tax expense**		
	Deferred tax	(16.99)	(9.66)
		(16.99)	(9.66)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 28.84% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit		
Accounting loss before income tax	(456.67)	(451.06)
Applicable tax rate in India	28.84%	28.84%
Computed expected tax expense	-	-
Effect of Adjustment under Tax law	-	-
-Additional Income pursuant to Income Tax Law	535.04	
-Effect of Ind As disallowed under Tax law	-1.05	
Net Taxable Income Under Tax Laws	77.60	
Taxable Income set off with losses of previous years	-77.60	
Tax Expense	-	-

22 **Earnings per equity share**

Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Holding Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

Net profit attributable to equity shareholders		
(Loss) after tax and for the year/previous year	(473.67)	(460.71)
Profit attributable to equity holders of the parent adjusted for the effect of dilution	(473.67)	(460.71)
Nominal value of equity share (₹)	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	500,000	-
Add: Employee stock option plan	-	-
Total number of equity shares outstanding at the end of the year	500,000	500,000
Weighted average number of equity shares	500,000	500,000
Face value per share (₹)	10.00	10.00
Earnings per equity share		
Basic	(94.73)	(92.14)
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares used to compute diluted earnings per share	500,000	500,000
Diluted	(94.73)	(92.14)

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Notes to the financial statements for the year ended March 31, 2018

23 Related party disclosures

a) Relationships

Information required to be disclosed under IND AS 24 on "Related Party Disclosures".

(i) Parent company at any time during the Year/Previos Year

DLF Home Developers Limited

(ii) Ultimate Parent company at any time during the Year/Previos Year

DLF Limited upto 11-03-2018

Rajdhani Investments & Agencies Private Limited w.e.f 12-3-18

(iii) Fellow subsidiary

DLF Estate Developers Limited

DLF Limited w.e.f 12-03-2018

b) Related Party Transactions

Description	Name of the Entity	(Amount in lacs ₹)	
		March 31, 2018	March 31, 2017
Transactions during the year			
Maintenance charges	DLF Estate Developers Limited	14.22	10.70
Transfer of developed plots	DLF Home Developers Limited	420.66	-
Loan taken/(refunded)	DLF Limited	-	(2,763.68)
Loan taken/(refunded)	DLF Home Developers Limited	121.50	3,730.00
Interest expense	DLF Limited		328.12
Interest expense	DLF Home Developers Limited	479.54	112.71
Balance at the year end			
Short-term borrowing	DLF Home Developers Limited	4,236.75	4,115.25
Interest accrued	DLF Home Developers Limited	107.99	101.44
Share capital	DLF Limited	10.00	10.00
	DLF Home Developers Limited	40.00	40.00

24 During the year, the Company has incurred loss after tax of ₹ 473.67 Lacs (previous year ₹ 460.71 Lacs) resulting in accumulated losses of ₹ 2111.13 Lacs (previous year ₹ 1637.46 Lacs) as at March 31, 2018. These accumulated losses have completely eroded the net worth of the Company. However, based on the underlying market value of the inventory of developed plots (lower of cost and net realisable value) amounting to ₹ 1377.47 Lacs (previous year ₹ 1751.81 Lacs) and assurnace for continous financial support from DLF Ltd for future operations of the company, the management is confident that the future sales will generate adequate revenues and profits which shall be sufficient enough to repay the liabilities. Accordingly, these financial statements have been prepared on a going concern basis.

Basis the facts mentioned above, management is confident that the sufficient future taxable income will be available against which such deferred tax assets recognized in the financial statements shall be adjusted.

25 During the year, the company has transferred its 7 plots out of its inventory to its holding company namely M/s DLF Home Developers Limited in compliance with the Hon'ble Civil Court order dated 29th November, 2017 confirming a compromise achieved through a mediation in relation to a dispute arisen on terms agreed earlier with its holding company at the total consideration of ₹ 420.66 lakhs (at 10% markup on cost) and has recognised a profit on sale of land parcels amounting to ₹ 38.24 lakhs. The management believes that it is in compliance with all the applicable laws and regulations and no adjustment in this regards is required in the financial statements.

26 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

Particulars	March 31, 2018	March 31, 2017
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	Nil	Nil
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	Nil	Nil

27 Foreign Exchannge Earnings and outgo

Year	March 31, 2018	March 31, 2017
Earnings	Nil	Nil
Outgo	Nil	Nil

28 "Changes in liabilities arising from financing activities"

Particulars	Borrowings	Interest accrued on borrowings
Balance as at the April 1, 2017	**4115.25**	**101.44**
Additions during the year	121.50	107.99
(Deletions) during the year	0.00	-101.44
Closing balance as at March 31, 2018	**4236.75**	**107.99**

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29 **Financial risk management**

Fair values hierarchy

The Company does not have any financial instrument which is measured at fair value through profit & loss or Other Comprehensive Income and therefore the disclosure in respect to the fair value measurement hierarchy of Financial Instruments is not required.

i) **Financial instruments by category**

(Amount in lacs ₹)

Particulars	March 31, 2018	March 31, 2017
	Amortised cost	Amortised cost
Financial assets		
Cash and equivalents	92.77	133.34
Total financial assets	92.77	133.34

(Amount in lacs ₹)

Particulars	March 31, 2018	March 31, 2017
	Amortised cost	Amortised cost
Financial liabilities		
Borrowings (including Interest accrued)	4,344.74	4,216.69
Trade payables	1.04	1.05
Security Deposits	108.92	102.36
Total financial liabilities	4,454.70	4,320.11

ii) **Financials instruments measured at amortised cost**

For amortised cost instruments, carrying value represents the best estimate of fair value

30 **Financial Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables	Aging analysis	Bank deposits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Company's risk management is carried out by a central treasury department (of the company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit Risk

Credit risk refers to a risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets, non-current financial assets, derivative assets, trade and other receivables. The company does not have any derivative assets and in respect of cash and cash equivalents, the said amount is in current account with Scheduled Bank where chances of default are minimum. The maximum exposure to the credit risk is equal to the carrying amount of the company's other financial Assets.

a) **Credit risk management**

i) **Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial

A: Low credit risk

B: Moderate credit risk

C: High credit risk

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Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, Trade Receivables	12 month expected credit loss
Moderate credit risk	Not applicable	Life time expected credit loss
High credit risk	Not applicable	Life time expected credit loss or fully provided for

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

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Assets under credit risk –

Amount in lacs

Credit rating	Particulars	March 31, 2018	March 31, 2017
A: Low credit risk	Cash and cash equivalents, Trade Receivables	92.77	133.34

h) Credit risk exposure

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets –

As at March 31, 2018

Amount in lacs

Particulars	Estimated gross carrying amount at default	Expected credit losses %	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	92.77	0%	-	92.77

As at March 31, 2017

Amount in lacs

Particulars	Estimated gross carrying amount at default	Expected credit losses %	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	133.34	0%	-	133.34

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

Amount in lacs

March 31, 2018	Less than 1 year	1-5 years	More than 5 years	Total
Non-derivatives				
Borrowings	4,236.75	-	-	**4,236.75**
Trade payable	1.04	-	-	**1.04**
Other financial liabilities	108.46	116.44	-	**224.90**
Total	**4,346.25**	**116.44**	-	**4,462.68**

Amount in lacs

March 31, 2017	Less than 1 year	1-5 years	More than 5 years	Total
Non-derivatives				
Borrowings	4,115.25	-	-	**4,115.25**
Trade payable	1.05	-	-	**1.05**
Other financial liabilities	101.90	102.59	-	**204.49**
Total	**4,218.21**	**102.59**	-	**4,320.80**

C) Market Risk

Interest rate risk

i) Liabilities

The Company's fixed rate borrowings from related parties are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii) Assets

The company's fixed deposits are carried at fixed rate. Therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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Notes to the financial statements for the year ended March 31, 2018

31 **Capital Management**
The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through optimisation of debt and equity balance. The capital structure of the Company consists of net debt and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

32 Current Financial assets comprising Cash and Cash Equivalents and current financial liabilities comprising Trade payables, Other financial liabilities are stated at their nominal value.

33 The Company is primarily engaged in the business of colonization and real estate development, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company derives its major revenues from construction and development of real estate projects and its customers are widespread. The Company is operating in India which is considered as a single geographical segment.

34 In the opinion of the Board of Directors current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.

35 Capital commitment and contingent liability as on March 31, 2018 is Nil (P/Y – Nil).

36 Previous year figures have been regrouped / reclassified wherever considered necessary, to make them comparable with those of the current year.

37 The unhedged currency exposure as on March 31st 2018 is Nil (Previous year Nil)

38 Figures have been rounded to nearest rupee.

For and on behalf of
A R G & Co. LLP
Chartered Accountants
(FRN : 010630N/N500036)

A R G & Co. LLP
CHARTERED ACCOUNTANTS
DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

For and on behalf of the Board of Directors
DLF Residential Developers Limited

Atul Srivastava
DIN: 1802182
Director

Ashok Nanda
DIN: 07902699
Director

Place : Gurugram
Date : 15.05.2018