

INDEPENDENT AUDITOR'S REPORT

To the Members of DLF Southern Homes Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of DLF Southern Homes Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

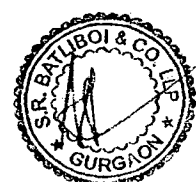
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

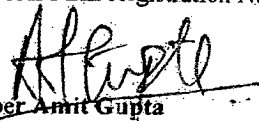
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (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 statements – Refer Note 32 and 36 to the financial statements;
 - 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 S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E


per Amit Gupta
Partner
Membership Number: 501396



Place: Amsterdam
Date: May 15, 2015

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

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

- (i)
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii)
 - (a) The management has conducted physical verification of raw material inventory at reasonable intervals during the year. With regard to Land and development rights in land held for the Real Estate Projects, included under the head 'Inventories', the Company is maintaining proper records of inventory. Accordingly, provision of clause 3 (ii) (a) and (b) of the Order, are not applicable to the Company in respect of these project inventories.
 - (b) The procedures of physical verification of raw material inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of raw material inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items included under inventory are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013 related to the Company's real estate projects and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same
- (vii)
 - a) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions related to employee's state insurance and excise duty are not applicable to the Company.



b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, wealth tax, service tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to employee's state insurance and excise duty are not applicable to the Company.

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act, 2003	Value added tax including interest thereon	7,824,903*	Financial year 2009-10 and 2010-11	Appellate Tribunal Commercial Taxes, Ernakulam
Income tax Act, 1961	Disallowances made by Assessing Officer	13,667,554	Assessment year 2008-09 and 2009-10	Income Tax Appellate Tribunal
Income tax Act, 1961	Disallowances made by Assessing Officer	482,390	Assessment year 2011-12	The Commissioner of Income tax (Appeals)

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

According to the information and explanations given to us, there are no dues of wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (I of 1956) and rules made thereunder.

- (vii) The Company has no accumulated losses at the end of the financial year but it has incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, the Company has no outstanding dues in respect of financial institutions, banks and debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.



S.R. BATLIBOI & Co. LLP

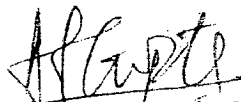
Chartered Accountants

- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

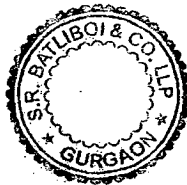
ICAI Firm Registration Number: 301003E



per Amit Gupta

Partner

Membership Number: 501396



Place: Amsterdam

Date: May 15, 2015

DLF Southern Homes Private Limited
Balance Sheet as at March 31, 2015

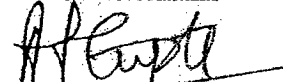
	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Equity and liabilities			
Shareholder's funds			
Share capital	3	4,630,958,410	4,630,958,410
Reserves and surplus	4	1,819,938,432	2,116,040,879
		6,450,896,842	6,746,999,289
Non-current liabilities			
Other long term liabilities	5	340,107,650	417,022,462
Long-term provisions	6	7,911,120	6,830,009
		348,018,770	423,852,471
Current liabilities			
Short-term borrowings	7	396,499,998	241,732,397
Trade payables	8	1,071,640,755	1,567,311,616
Other current liabilities	8	1,987,835,182	2,090,704,846
Short-term provisions	6	4,155,288	6,954,394
		3,460,131,223	3,906,703,253
Total		10,259,046,835	11,077,555,013
Assets			
Non-current assets			
Fixed assets			
Tangible assets			
Capital work-in-progress	9	481,941,021	58,984,816
Non-current investments	10	94,504,410	94,504,410
Deferred tax assets (net)	11	-	10,443,851
Loans and advances	12	231,975,444	246,878,938
		808,420,875	829,704,758
Current assets			
Current investments	14	-	6,192,749
Inventories	15	7,782,107,351	7,688,302,898
Trade receivables	13.1	73,952,252	225,632,340
Cash and bank balances	16	113,877,581	308,813,166
Loans and advances	12	338,432,508	1,304,940,866
Other current assets	13.2	1,142,256,268	713,968,236
		9,450,625,960	10,247,850,255
Total		10,259,046,835	11,077,555,013

Summary of significant accounting policies 2.1

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

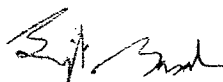
As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No. 301003E
Chartered Accountants

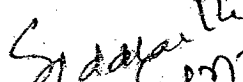


per Amit Gupta
Partner
Membership No.: 501396.

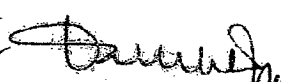
For and on behalf of the Board of Directors of
DLF Southern Homes Private Limited



Surojit Basak
Director



Siddharth Gupta
Director



Debashis Mukherjee
Chief Financial Officer


Pradeep Garg
Company Secretary


Jay Krishna Subrahmanian
Manager

Place: Amsterdam
Date: May 15, 2015



Place: Gurgaon
Date: May 15, 2015

DLF Southern Homes Private Limited
Statement of profit and loss for the year ended March 31, 2015

	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
INCOME:			
Income from real estate operations	17	1,100,989,502	2,312,525,078
Other income	18	16,034,422	66,737,225
		<u>1,117,023,924</u>	<u>2,379,262,303</u>
EXPENSES			
Cost of sales	19	1,143,185,331	2,207,700,715
Club and maintenance cost	20	37,026,206	16,980,790
Employee benefits expense	21	27,148,331	25,224,913
Other expenses	22	111,747,933	174,169,952
Depreciation expense	9	14,467,836	3,134,234
Finance costs	23	43,725,033	11,429,229
		<u>1,377,300,670</u>	<u>2,438,639,833</u>
Prior period items	24	1,433,163	(35,752,926)
Profit/ (loss) before tax		(261,709,909)	(23,624,604)
Tax expense:			
Current tax			
MAT credit reversal			
Net current tax		23,948,686	
Deferred tax expense / (credit)		23,948,686	
Total tax expense		<u>10,443,852</u>	<u>41,658,922</u>
Profit / (loss) from continuing operations after tax		<u>34,392,538</u>	<u>41,658,922</u>
		<u>(296,102,447)</u>	<u>(65,283,526)</u>

Earnings/(loss) per equity share [nominal value of share Rs. 10 (March 31, 2014 : Rs. 10)]

Basic			
Computed on the basis of total profit/(loss) for the year		(7.77)	(1.71)
Diluted			
Computed on the basis of total profit/(loss) for the year		(7.77)	(1.71)


Significant accounting policies

2.1


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

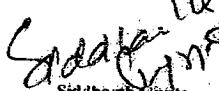
As per our report of even date

For S.R. Battiboi & Co. LLP
Firm Registration No. 301003E
Chartered Accountants


per Amit Gupta
Partner
Membership No.: 501396

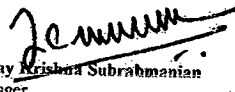
For and on behalf of the Board of Directors of
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Place: Amsterdam
Date: May 15, 2015

Place: Gurgaon
Date: May 15, 2015

