

# Walker Chandiook & Co LLP

Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
L-41, Connaught Circus  
New Delhi 110001  
India

T +91 11 4278 7070  
F +91 11 4278 7071

## Independent Auditor's Report

### To the Members of Lodhi Property Company Limited

#### Report on the Financial Statements

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

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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

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



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India.

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("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.
10. 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;



# Walker Chandiok & Co LLP

- 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. as detailed in Note 30 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*Walker Chandiok & Co LLP*

For Walker Chandiok & Co LLP

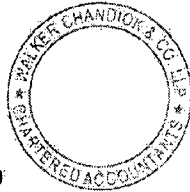
(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Manish*  
per Manish Agrawal  
Partner

Membership No.: 507000



Place: New Delhi

Date: 18 May 2015

# Walker Chandiook & Co LLP

## Annexure to the Independent Auditor's Report of even date to the members of Lodhi Property Company Limited, on the financial statements for the year ended 31 March 2015

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, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) The procedures of physical verification of 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 inventory 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 or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, 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, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) 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) To the best of our knowledge and belief, 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 products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. 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 became payable.



# Walker Chandiook & Co LLP

Annexure to the Independent Auditor's Report of even date to the members of Lodhi Property Company Limited, on the financial statements for the year ended 31 March 2015

- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

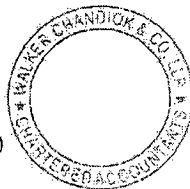
Name of the statute	Nature of dues	Amount (₹)	Amount paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty order u/s 271(1)(c)	4,536,743	Nil	Assessment year 2003-04	CIT (Appeals)
Income Tax Act, 1961	Penalty order u/s 271(1)(c)	5,485,590	Nil	Assessment year 2005-06	Income tax appellate tribunal
Income Tax Act, 1961	Penalty order u/s 271(1)(c)	5,660,190	Nil	Assessment year 2006-07	Income tax appellate tribunal
Income Tax Act, 1961	Demand order u/s 143(3)	26,595,298	26,595,298	Assessment year 2009-10	Income tax appellate tribunal

- (c) 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 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.
- (viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

*Walker Chandiook & Co LLP*

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

per Manish Agrawal  
 Partner  
 Membership No.: 507000



Place: New Delhi  
 Date: 18 May 2015

Lodhi Property Company Limited

Balance Sheet as at 31 March 2015

	Note	As at 31 March 2015	Amount in ₹ As at 31 March 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	116,126,490	116,126,490
Reserves and surplus	3	2,455,954,396	2,765,661,953
		<u>2,572,080,886</u>	<u>2,881,788,443</u>
Share application money pending allotment		111	111
<b>Non-current liabilities</b>			
Long-term borrowings	4	2,111,775,000	2,720,575,000
Other long term liabilities	5	17,232,612	17,846,960
Long-term provisions	6	15,938,798	12,790,990
		<u>2,144,946,410</u>	<u>2,751,212,950</u>
<b>Current liabilities</b>			
Trade payables	7	46,103,594	56,462,252
Other current liabilities	8	713,660,875	629,864,835
Short-term provisions	9	2,516,609	859,335
		<u>762,281,078</u>	<u>687,186,422</u>
		<u>5,479,308,485</u>	<u>6,320,187,926</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets:			
Tangible assets	10	2,903,250,598	3,035,996,903
Intangible assets	10	2,396,568	1,256,808
Capital work in progress		-	1,288,498
Deferred tax asset (net)	11	651,384,273	591,541,136
Long-term loans and advances	12	262,367,046	252,024,582
Other non current assets	13	529,818	506,185
		<u>3,819,928,303</u>	<u>3,882,614,112</u>
<b>Current assets</b>			
Current investments	14	-	2,813,600
Inventories	15	39,984,163	36,825,455
Trade receivables	16	43,205,891	42,700,896
Cash and bank balances	17	40,987,507	49,328,735
Short-term loans and advances	18	1,146,105,867	2,021,923,624
Other current assets	19	389,096,754	283,981,504
		<u>1,659,380,182</u>	<u>2,437,573,814</u>
		<u>5,479,308,485</u>	<u>6,320,187,926</u>

The accompanying notes are an integral part of these financial statements

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

*Walker Chandiock & Co LLP*

For Walker Chandiock & Co LLP  
(Formerly Walker, Chandiock & Co)  
Chartered Accountants

per Manish Agrawal  
Partner  
Place: New Delhi  
Date: 18 May 2015



For and on behalf of the Board of Directors

*Saurabh Chawla*  
Saurabh Chawla  
Director  
DIN:01043739

*Sanjeev Gemawat*  
Sanjeev Gemawat  
Director  
DIN:00326655

*S.V. Narayanan*  
S.V. Narayanan  
Chief Financial Officer  
PAN: AABPN9769J

*Lalit Khubchandani*  
Lalit Khubchandani  
Company Secretary  
M. No.: A38912

Lodhi Property Company Limited

Statement of Profit and Loss for year ended 31 March 2015

Amount in ₹

	Note	Year ended 31 March 2015	Fifteen month period ended 31 March 2014
<b>Income</b>			
Revenue from operations	20	625,282,081	719,639,559
Other income	21	146,144,052	99,463,166
		<u>771,426,133</u>	<u>819,102,725</u>
<b>Expenditure</b>			
Cost of food and beverages consumed	22	53,314,628	73,590,980
Employee benefit expenses	23	217,055,446	288,575,834
Finance cost	24	411,475,766	953,896,525
Depreciation expenses	25	141,887,697	524,375,496
Other expenses	26	317,059,687	409,268,770
Prior period item	27	183,603	337,477
		<u>1,140,976,827</u>	<u>2,250,045,082</u>
<b>Loss before tax</b>		<b>369,550,694</b>	<b>1,430,942,357</b>
<b>Tax expense</b>			
Deferred tax credit		(59,843,137)	(197,546,542)
Tax earlier year		-	3,540,039
<b>Loss for the year</b>		<u><b>309,707,557</b></u>	<u><b>1,236,935,854</b></u>
<b>Loss per equity share</b>			
	28		
Basic		26.67	242.77
Diluted		26.67	242.77

The accompanying notes are an integral part of these financial statements

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

*Walker Chandiook & Co LLP*

For Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
Chartered Accountants

*Manish Agarwal*  
per Manish Agarwal  
Partner



Place: New Delhi  
Date: 18 May 2015

For and on behalf of the Board of Directors:

*Saurabh Chawla*  
Saurabh Chawla  
Director  
DIN:01043739

*Sanjeev Gemawat*  
Sanjeev Gemawat  
Director  
DIN:00326655

*S.V. Narayanan*  
S.V. Narayanan  
Chief Financial Officer  
PAN:AABPN9769J

*Lalit Khubchandani*  
Lalit Khubchandani  
Company Secretary  
M. No.: A38912