Emaar MGF Land Limited

CIN-U45201DL2005PLC133161,
Registered office:- ECE House, 28, Kasturba Gandhi Marg, New Delhi-110001
Email ID – company.secretary@emaarmgf.com
Website : www.emaar-india.com

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS ON MARCH 31, 2017

(Rs. in million)

Particulars	**As at 31 March 2017**	**As at 31 March 2016**
ASSETS		
Non-current assets		
Property, plant and equipment	562.60	5,409.23
Capital work-in-progress	47.17	1,016.90
Intangible assets	3.54	0.83
Financial Assets		
Investments	869.83	7,253.61
Loans	3.39	3.46
Other non-current assets	0.09	1.31
Total Non-current assets	**1,486.62**	**13,685.34**
Current assets		
Inventories	36,610.07	46,129.69
Financial assets		
Investments	448.14	275.99
Loans	9,381.41	8,819.26
Trade receivables	348.89	589.13
Cash and cash equivalents	296.51	154.46
Other bank balances	815.55	2,449.04
Other financial assets	2,195.43	2,710.64
Current tax assets	306.97	274.82
Other current assets	40,994.23	56,787.21
Total Current assets	**91,397.20**	**118,190.24**
Assets classified as held for distribution (refer note 8)	**39,015.77**	**-**
Total Assets	**131,899.59**	**131,875.58**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	9,126.20	9,126.20
Other equity	10,438.89	17,985.62
Total Equity	**19,565.09**	**27,111.82**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Long term borrowings	1,273.75	693.59
Current liabilities		
Financial liabilities		
Short term borrowings	20,978.90	13,891.20
Trade payables	2,648.52	5,267.83
Other financial liabilities	32,897.41	39,745.95
Other current liabilities	38,592.90	44,315.28
Provisions	2,012.13	849.91
Total Liabilities	**98,403.61**	**104,763.76**
Liabilities associated with the assets classified as held for distribution (refer note 8)	**13,930.89**	**-**
Total Equity and Liabilities	**131,899.59**	**131,875.58**

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in million)

Particulars	**Half Year Ended March 31, 2017**	**Half Year Ended March 31, 2016**	**Year Ended March 31, 2017**	**Year Ended March 31, 2016**
	Unaudited (Refer Note 12)	**Unaudited (Refer Note 12)**	**Audited**	**Audited**
Revenue From Operations	9,047.05	2,173.80	9,366.72	10,583.62
Other Income	101.72	279.89	285.12	440.24
Total Income (I)	**9,148.77**	**2,453.69**	**9,651.84**	**11,023.86**
EXPENSES				
(Increase)/decrease in inventories	664.46	(1,455.54)	140.51	2,008.17
Cost of land and development rights	117.49	1,597.83	399.22	1,603.86
Material cost and contractor expense	3,089.40	1,221.44	4,403.42	3,135.48
Employee benefits expense	419.05	378.49	819.58	798.69
Depreciation and amortization expense	8.91	17.05	23.30	36.03
Finance costs	3,189.56	3,382.80	6,998.21	7,280.32
Other expenses	2,353.25	1,395.92	4,411.21	2,567.80
Total Expenses (II)	**9,842.12**	**6,537.99**	**17,195.45**	**17,430.35**
Loss before tax (I-II)	**(693.35)**	**(4,084.30)**	**(7,543.61)**	**(6,406.49)**
				.
Tax expense	-	-	-	-
Loss for the period / year	**(693.35)**	**(4,084.30)**	**(7,543.61)**	**(6,406.49)**
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss in subsequent years				
Re-measurement gains (losses) on defined benefit plans	(5.85)	(1.26)	(3.12)	9.99
Other comprehensive income / (loss) for the period / year, net of tax	**(5.85)**	**(1.26)**	**(3.12)**	**9.99**
Total comprehensive loss for the year, net of tax	**(699.20)**	**(4,085.56)**	**(7,546.73)**	**(6,396.50)**
Paid-up Equity Share Capital (face value of Rs.10 per share)	9,126.20	9,126.20	9,126.20	9,126.20
Debenture Redemption Reserve	738.13	738.13	738.13	738.13
Capital Redemption Reserve	8,610.25	8,610.25	8,610.25	8,610.25
Other Equity (excluding Debenture Redemption Reserve, Capital Redemption Reserve and Revaluation Reserve)	1,090.51	8,637.24	1,090.51	8,637.24
Net Worth	**19,565.09**	**27,111.82**	**19,565.09**	**27,111.82**
Paid up Debt Capital	53,185.98	42,392.74	53,185.98	42,392.74
Earnings / (Loss) Per Share (in Rupees) (Basic & Diluted) (not annualised)	(0.76)	(4.48)	(8.27)	(7.02)
Debt Equity Ratio	2.72	1.56	2.72	1.56
Debt Service Coverage Ratio	0.79	(0.20)	(0.07)	0.12
Interest Service Coverage Ratio	0.79	(0.20)	(0.07)	0.12

Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 25 May 2017.

2. The Company adopted Indian Accounting Standards ("Ind AS") and accordingly these financial results have been prepared as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended. The date of transition to Ind AS is April 1, 2015. The impact of transition has been accounted for in opening reserves and the comparative period results have been restated accordingly. (Refer note 9 and 10 below)

3. Ratios have been computed as follows:

    (i) Debt Equity Ratio =Paid up Debt Capital/Equity, where,
    * Equity represents issued, subscribed and paid up share capital and other equity
    * Paid up Debt Capital represents long-term and short-term borrowings excluding deferred payment liabilities and finance lease obligations.

    (ii) Interest Service Coverage ratio = Earnings before finance costs, tax and depreciation / finance costs.

    (iii) Debt Service Coverage ratio = Earnings before finance costs, tax and depreciation / [finance costs + net principal repayment of paid debt capital during the period/year].

    (iv) Net worth represents Equity.

    (v) Paid up equity capital represents issued, subscribed and paid up share capital.

4. **Additional disclosures as per Regulation 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Particulars	**Credit Rating**	**Principal**		**Interest**	
		Previous due date	**Next due date**	**Previous due date**	**Next due date**
22,600 (11.25%) Secured Redeemable non-convertible debentures of Rs. 10,00,000/- each	CARE BB revised from CARE D	Not applicable	31 Dec 2019	30 Sep 2014 (paid)	30 Apr 2018

Notes:

a. Due dates disclosed above are after considering extensions granted by the debenture holders.

b. The non-convertible debentures referred above are secured by an adequate asset cover.

5. One of the subsidiaries of the Company, Emaar MGF Construction Private Limited (the "Subsidiary") is undergoing certain litigations/disputes in relation to the Commonwealth Games Village Project, 2010 developed by it where the Company expects favorable outcomes. The Company has investments in the equity share capital of the said Subsidiary aggregating to Rs. 603.53 million (previous year - Rs. 603.53 million) and has advances recoverable aggregating to Rs. 2,266.22 million (previous year - Rs. 2,098.40 million) from the Subsidiary. The Company has also given commitment to the Subsidiary for support in case of unfavorable outcome in respect of any of the litigations / disputes. The auditors have expressed an emphasis of matter on the same.

6. The Company, vide a Development Agreement dated November 3, 2006 (subsequently amended by the agreement dated July 25, 2007) entered into with Emaar Hills Township Private Limited ("EHTPL"), had undertaken the development of land in Hyderabad, which was sold to EHTPL by Andhra Pradesh Industrial Infrastructure Corporation through a duly registered Conveyance Deed dated December 28, 2005. The Company also, vide Assignment Deed dated November 3, 2006 entered into with Boulder Hills Leisure Private Limited ("BHLPL"), had undertaken the development and operation of a 'Golf Course' in Hyderabad. The Company, EHTPL and BHLPL have been subjected to litigations relating to the allegations of irregularities in allotment of project land, notice for termination of project, notice for termination of development agreement by one of the shareholders of the development partner, stoppage of registration of properties in the project, etc. Further, in one of the matters mentioned herein, Central Bureau of Investigation has filed charge sheets against various persons, including the Company, its former Managing Director and certain officers of the Company. Under the said matter, the Company has also received an attachment order of its certain properties from Directorate of Enforcement.

The Company has assets and liabilities of Rs. 3,037.94 million (previous year - Rs. 2,998.47 million) and Rs. 2,085.79 million (previous year - Rs. 2,084.63 million) respectively and has recorded revenues aggregating to Rs. 1,447.86 million (previous year - Rs. 1,447.86 million) (including Rs. 94.26 million (previous year - Rs. 94.26 million) which have been included in the aforesaid assets as they are yet to be either collected or billed) till date relating to the said project. The matters mentioned herein are pending with judicial authorities at various levels. Based on the legal advices received and internal assessments, the management believes that the allegations/matters raised above are untenable and contrary to the factual position. The auditors have expressed an emphasis of matter on the same.

7. The Company has incurred a book loss of Rs. 7,546.73 million (previous year -Rs. 6,396.50 million), besides, also incurring cash loss primarily on account of finance costs and has overdue liabilities. Further, as at March 31, 2017 the Company has debts of Rs. 1,298.66 million (previous year - Rs. 3,469.91 million) which are due for repayment in the next one year. As per the present business plans the Company would require additional capital either in the form of long term debts/equity for an aggregate of Rs. 8,000.00 million (previous year - Rs. 19,750.00 million) to be able to meet its financial obligations in the next one year. The Company along with its ultimate holding company, Emaar Properties PJSC, has been exploring options for raising additional funds to meet its financial obligations and is working with certain lenders to re-schedule the principal and interest payment terms in line with its expected cash flows. As more fully described in note 8, the Company and its promoters have also filed a Scheme of Arrangement before the Hon'ble High Court of Delhi for reorganizing its business and demerging part of the same to a separate entity to better manage its fund requirements. The management also has considered the fact that the Company has significant asset base, including land inventories or land development rights, which can yield values in excess of their book values and can hence be used for raising additional capital, if and when required. In view of the same, the management of the Company is hopeful of generating sufficient cash flows in the future to meet the Company's financial obligations. Hence, these financial statements have been prepared on a going concern basis. The auditors have expressed an emphasis of matter on the same.

8. In order to lend greater focus on the operation of the Company's businesses/projects and for the purpose of developing the potential for further growth and expansion, the Board of Directors of the Company, during the current year decided to demerge some of the assets and liabilities of the Company into a separate undertaking, pursuant to a Scheme of Arrangement under Section 391 and 394 of the Companies Act, 1956 read with sections 100 to 103 of the Companies Act, 2013. The same has been approved by the shareholders of the Company and is pending for approval before the Hon'ble National Company Law Tribunal ("NCLT"). The assets and liabilities as at March 31, 2017 expected to be demerged into a separate undertaking have been disclosed as assets and liabilities held for distribution and may be further revised based on changes/adjustments upto the Effective Date, being the date of approval of NCLT.

9. Reconciliation of net profit as per erstwhile Indian GAAP, as previously reported, and the total comprehensive loss as per Ind AS is as follows:

(Rs. in million)

Particulars		**Six months ended March 31, 2016**	**Year ended March 31, 2016**
Net Loss as per Indian GAAP		**(3,564.59)**	**(4,712.07)**
Adjustments:			
Fair value accounting of barter transactions		348.35	327.33
Measuring mutual fund investments at fair value		0.69	(1.55)
Actuarial (gain)/loss recognized in other comprehensive income		1.26	(9.99)
Accounting of compound financial instruments		24.93	50.07
Accounting of finance cost on effective interest method		(901.45)	(2,058.76)
Others		6.50	(1.53)
Net Loss as per Ind AS	**(A)**	**(4,084.30)**	**(6,406.49)**
Other Comprehensive income/(expense)	**(B)**	(1.26)	9.99
Total Comprehensive Loss	**(A+B)**	**(4,085.56)**	**(6,396.50)**

10. The reconciliation of equity as per erstwhile Indian GAAP as previously reported and as per Ind AS is as per the table below:

(Rs. in million)

Particulars	**As at March 31, 2016**
Equity as per Indian GAAP	**22,225.53**
Adjustments:	
Equity component of compulsory convertible debentures	1,848.75
Finance costs accounted on effective interest basis	791.49
Fair value accounting of barter transactions (incremental revenue net of incremental cost)	2,222.74
Finance costs on compound financial instruments	167.28
Present value accounting for financial assets	(156.00)
Others	12.03
Equity under Ind AS	**27,111.82**

11. As per section 71(4) of the Companies Act, 2013, a company shall create a debenture redemption reserve for the redemption of debenture to which adequate amount shall be created out of its profits every year until such debentures are redeemed. In the absence of adequate profits, Debenture Redemption Reserve to the extent of Rs. 2,861.96 million (previous year- Rs. 3,884.25 million) has not been created.

12. The figures for the half year ended March 31, 2017 and March 31, 2016 are the balancing figures between audited figures in respect of full financial year ended March 31, 2017 and March 31, 2016 respectively and the unaudited published year to date figures upto September 30, 2016 and September 30, 2015 respectively, being the end of the first half year of the respective financial years, which were subjected to a Limited Review.

For and on behalf of the Board of Directors of
Emaar MGF Land Limited

Sd/-
Ashish Narayan Prasad Kabra
Director
DIN-06408748

Sd/-
Sanjay Malhotra
Chief Executive Officer

Sd/-
Rahul Bindle
Chief Financial Officer

Sd/-
Bharat Bhushan Garg
Company Secretary

Dated : 25 May 2017