

Annexure 3

# Walker Chandiook & Co LLP

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## Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### To the Board of Directors of Emaar MGF Land Limited

1. We have audited the annual financial results of Emaar MGF Land Limited ('the Company') for the year ended 31 March 2018 ('financial results'), being submitted by the Company pursuant to the requirements of regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 8 to these financial results regarding the figures for the half year ended 31 March 2018 as reported in these financial results, which are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the half year ended 30 September 2017. Also, the figures upto the half year ended 30 September 2017 had only been reviewed and not subjected to audit. These financial results are based on the financial statements for the year ended 31 March 2018, prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act') and year to date figures up to the half year ended 30 September 2017 prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under section 133 of the Act, and SEBI Circulars CIR/IMD/DF1/9/2015 dated 27 November 2015 and CIR/IMD/DF1/69/2016 dated 10 August 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of the financial statements for the year ended 31 March 2018 and our review of the financial results for the half year ended 30 September 2017.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



## Walker Chandiook & Co LLP

3. In our opinion and to the best of our information and according to the explanations given to us, the financial results:
- (i) are presented in accordance with the requirements of regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated 27 November 2015 and CIR/IMD/DF1/69/2016 dated 10 August 2016; and
  - (ii) give a true and fair view of the state of affairs as at 31 March 2018, and net loss including other comprehensive income and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under section 133 of the Act for the year ended 31 March 2018.
4. We draw attention to the following notes to the accompanying financial results:
- (i) Note 4 in relation to investment made in and advances given to one of the subsidiary company, Emaar MGF Construction Private Limited, aggregating Rs. 603.53 million and Rs. 2,274.11 million respectively as at 31 March 2018. As described in the note, there are various significant ongoing litigations in the said subsidiary company relating to a project undertaken by it, the outcome of which is presently unascertainable. Our audit report is not modified in respect of above matters.
  - (ii) Note 5 which describes the uncertainty with respect to the outcome of various ongoing litigations involving the Company and its development partners with Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and other parties alleging certain irregularities relating to a project in Hyderabad. The Company has outstanding assets and liabilities of Rs. 3,071.21 million and Rs. 2,093.35 million respectively and has recorded cumulative revenue and cost aggregating to Rs. 1,447.86 million and Rs. 980.46 million respectively, with respect to this project. The final outcome of these litigations is presently unascertainable. Our audit report is not modified in respect of above matters.
- Since the above matters are under litigation, adjustments (if any), will be incorporated when the above matters are resolved.
5. The review of unaudited financial results for the half year ended 30 September 2016 and audit of financial results for the year ended 31 March 2017 included in the financial results were carried out and reported by S.R. Batliboi & Co. LLP vide their unmodified review report dated 12 November 2016 and unmodified audit report dated 25 May 2017, respectively. Our report is not modified in respect of this matter.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

*Neeraj*  
per Neeraj Sharma  
Partner  
Membership No. 502103



Place: Gurugram  
Date: 10 May 2018



## Emaar MGF Land Limited

CIN-U45201DL2005PLC133161,

Registered office:- 306-308, Square One, C-2, District Centre, Saket, New Delhi-110017

Email ID – company.secretary@emaar-india.com

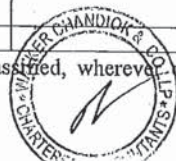
Website : [www.emaar-india.com](http://www.emaar-india.com)

### AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2018

(Rs. in million)

Particulars	As at 31 March 2018	As at 31 March 2017 (Restated*)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	638.00	562.60
Capital work-in-progress	26.16	47.17
Intangible assets	7.78	3.54
<b>Financial assets</b>		
Investments	869.83	869.83
Other bank balances	3.51	9.33
Loans	28.89	25.39
Non-current tax assets (net)	252.25	306.97
Other non-current assets	2,139.98	2,089.83
<b>Total non-current assets</b>	<b>3,966.40</b>	<b>3,914.66</b>
<b>Current assets</b>		
Inventories	39,350.46	36,610.07
<b>Financial assets</b>		
Investments	236.41	448.14
Loans	7,796.12	9,381.41
Trade receivables	2,838.06	1,472.84
Cash and cash equivalents	519.34	296.51
Other bank balances	586.43	824.89
Other financial assets	693.38	1,030.83
Other current assets	37,683.22	38,904.47
<b>Total current assets</b>	<b>89,703.42</b>	<b>88,969.16</b>
<b>Assets classified as held for distribution (refer note 6)</b>	<b>37,518.52</b>	<b>39,015.77</b>
<b>Total assets</b>	<b>131,188.34</b>	<b>131,899.59</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	9,126.20	9,126.20
Other equity	3,207.28	10,438.89
<b>Total equity</b>	<b>12,333.48</b>	<b>19,565.09</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	37,926.62	39,612.83
Other financial liabilities	7,739.41	5,948.28
Provisions	108.64	126.17
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	9,794.19	6,719.35
Trade payables	4,054.43	2,648.51
Other financial liabilities	8,468.21	2,869.61
Other current liabilities	33,782.01	38,592.89
Provisions	3,586.94	1,885.96
<b>Total liabilities</b>	<b>105,460.45</b>	<b>98,403.60</b>
<b>Liabilities associated with the assets classified as held for distribution (refer note 6)</b>	<b>13,394.41</b>	<b>13,930.90</b>
<b>Total equity and liabilities</b>	<b>131,188.34</b>	<b>131,899.59</b>

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



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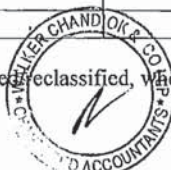


**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018**

(Rs. in million)

Particulars	Half year ended 31 March 2018	Half year ended 31 March 2017 (Restated*)	Year ended 31 March 2018	Year ended 31 March 2017 (Restated*)
	Unaudited (Refer note 8)	Unaudited (Refer note 8)	Audited	Audited
<b>INCOME</b>				
Revenue from operations	7,101.06	9,047.04	13,294.84	9,366.72
Other income	97.34	48.36	343.48	172.19
<b>Total income</b>	<b>7,198.40</b>	<b>9,095.40</b>	<b>13,638.32</b>	<b>9,538.91</b>
<b>EXPENSES</b>				
Cost of land, constructed properties, development rights and others	5,683.12	4,528.02	10,632.79	6,626.04
Employee benefits expense	245.44	225.76	464.59	441.09
Depreciation and amortization expense	20.59	8.79	34.24	23.04
Finance costs	2,816.72	3,016.99	5,520.37	6,392.56
Other expenses	2,279.23	2,009.19	4,227.34	3,599.79
<b>Total expenses</b>	<b>11,045.10</b>	<b>9,788.75</b>	<b>20,879.33</b>	<b>17,082.52</b>
<b>Loss before tax</b>	<b>(3,846.70)</b>	<b>(693.35)</b>	<b>(7,241.01)</b>	<b>(7,543.61)</b>
<b>Tax expense</b>	-	-	-	-
<b>Loss for the period / year</b>	<b>(3,846.70)</b>	<b>(693.35)</b>	<b>(7,241.01)</b>	<b>(7,543.61)</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss in subsequent years				
Re-measurement gains (losses) on defined benefit plans	13.31	(5.85)	9.40	(3.12)
<b>Other comprehensive income for the period / year, net of tax</b>	<b>13.31</b>	<b>(5.85)</b>	<b>9.40</b>	<b>(3.12)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>(3,833.39)</b>	<b>(699.20)</b>	<b>(7,231.61)</b>	<b>(7,546.73)</b>
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)	(6,141.09)	1,090.51	(6,141.09)	1,090.51
<b>Net worth</b>	<b>12,333.48</b>	<b>19,565.09</b>	<b>12,333.48</b>	<b>19,565.09</b>
Paid up debt capital	60,056.63	53,185.98	60,056.63	53,185.98
Earnings / (loss) per share (in rupees) (Basic and diluted) (not annualised)	(4.22)	(0.76)	(7.93)	(8.27)
Debt equity ratio	4.87	2.72	4.87	2.72
Debt service coverage ratio	(0.36)	0.77	(0.31)	(0.18)
Interest coverage ratio	(0.36)	0.77	(0.31)	(0.18)

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



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**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 10 May 2018.
2. 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.
3. **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. 1,000,000 each	CARE BB stable [Double B; Outlook : stable]	Not applicable	31 December 2019	30 September 2014 (paid)	31 December 2019

**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.
4. 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 (31 March 2017 - Rs. 603.53 million) and has advances recoverable aggregating to Rs. 2,274.11 million (31 March 2017 - Rs. 2,266.22 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.
5. The Company, vide a Development Agreement dated 3 November 2006 (subsequently amended by the agreement dated 25 July 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 28 December 2005. The Company also, vide Assignment Deed dated 3 November 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. 3,071.21 million (31 March 2017 Rs. 3,037.94 million) and Rs. 2,093.35 million (31 March 2017 - Rs. 2,085.79 million) and has recorded revenues aggregating to Rs. 1,447.86 million (31 March 2017 - Rs. 1,447.86 million) including Rs. 94.26 million (31 March 2017 - 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



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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.

6. 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 last financial year 2016-17 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 Hon'ble National Company Law Tribunal ("NCLT") vide its order dated 08 January 2018. As the said order had certain errors, the Company had filed a rectification application with NCLT and on 16 February 2018, NCLT has issued an order stating that the corrected copy of the order will be issued after incorporation of the corrections. The Company is yet to receive the final corrected order from NCLT and the demerger shall become effective on filing of such final order with the Registrar of Companies, which date shall be the Effective Date of demerger. The assets and liabilities as at 31 March 2018 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.
7. 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. 3,606.45 million (31 March 2017- Rs. 2,861.96 million) has not been created.
8. The figures for the half year ended 31 March 2018 and 31 March 2017 are the balancing figures between audited figures in respect of full financial year ended 31 March 2018 and 31 March 2017 respectively and the unaudited published year to date figures upto 30 September 2017 and 30 September 2016 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  
Emaar MGF Land Limited

Hadi Badri  
Managing Director



Rahul Bindle  
Chief Financial Officer

Bharat Bhushan Garg  
Company Secretary



Place: Gurugram  
Date: 10-May-2018

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