

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Karyavattom Sports Facilities Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Karyavattom Sports Facilities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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 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.

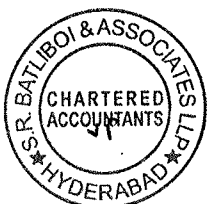
**Auditor's Responsibility**

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, 2016, its loss and its cash flows for the year ended on that date.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

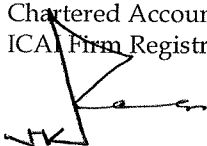
## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) 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 does not have any pending litigations which would impact 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.

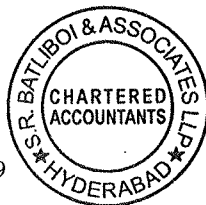
For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

  
per **Vikas Kumar Pansari**  
Partner

Membership Number: 093649



Place: Hyderabad

Date: April 27, 2016

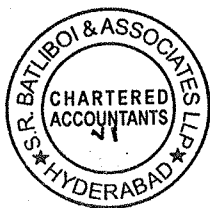
# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Annexure 1 to the Independent Auditors' Report**

Re: Karyavattom Sports Facilities Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included under tangible assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, 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.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or to government or debenture holders during the year.

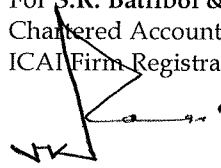


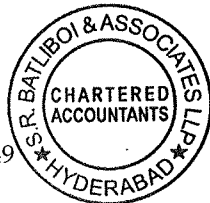
# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no managerial remuneration has been paid / provided by the Company during the year. Therefore the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

  
per **Vikas Kumar Pansari**  
Partner  
Membership Number: 093649



Place: Hyderabad  
Date: April 27, 2016

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KARYAVATTOM SPORTS FACILITIES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Karyavattom Sports Facilities Limited

We have audited the internal financial controls over financial reporting of Karyavattom Sports Facilities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 its business, including adherence to the 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 Companies Act, 2013.

**Auditor's Responsibility**

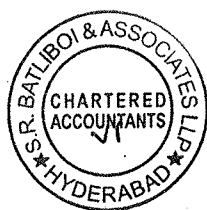
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 internal financial controls over financial reporting was 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 internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of 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 internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 internal financial control over financial reporting includes those policies and procedures



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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 internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

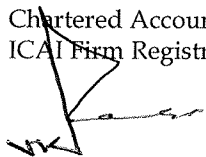
## **Explanatory paragraph**

We also have audited, 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, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related 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, and our report dated April 27, 2016 expressed an unqualified opinion.

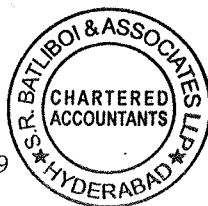
For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

  
per **Vikas Kumar Pansari**  
Partner

Membership Number: 093649



Place: Hyderabad

Date: April 27, 2016

Karyavattom Sports Facilities Limited  
 Balance Sheet as at March 31, 2016  
 (All amounts in Indian Rupees except as otherwise stated)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	431,200,000	431,200,000
Reserves and surplus	4	(153,763,281)	(35,986,711)
		<u>277,436,719</u>	<u>395,213,289</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,715,340,000	2,166,000,000
Other long-term liabilities	6	2,903,975	6,035,562
		<u>2,718,243,975</u>	<u>2,172,035,562</u>
<b>Current liabilities</b>			
Short-term borrowings	7	170,000,000	-
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,818,797	11,738,670
Other current liabilities	9	744,936,909	456,487,483
		<u>926,755,706</u>	<u>468,226,153</u>
		<u>3,922,436,400</u>	<u>3,035,475,004</u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,973,330,307	1,059,341
Capital work-in-progress	11	766,339,015	2,919,734,877
Loans and advances	12	2,395,795	24,290,874
Other non-current assets	13	27,000,005	30,175,346
		<u>3,769,065,122</u>	<u>2,975,260,438</u>
<b>Current assets</b>			
Cash and bank balances	14	134,255,856	44,339,386
Loans and advances	12	2,376,125	601,761
Other current assets	13	16,739,297	15,273,419
		<u>153,371,278</u>	<u>60,214,566</u>
		<u>3,922,436,400</u>	<u>3,035,475,004</u>

Significant accounting policies

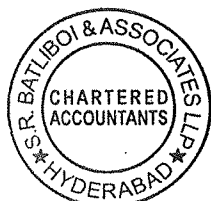
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The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP  
 Chartered Accountants  
 ICAI Firm registration number: 101049W

per Vikas Kumar Pansari  
 Partner  
 Membership No: 093649



For and on behalf of the Board of Directors of  
 Karyavattom Sports Facilities Limited

*S.R. Pansari*  
 Director

*B. S. Srinivasan*  
 Director

*S.R. Pansari*  
 Chief Financial Officer

Place: Hyderabad  
 Date: April 27, 2016

Place: Mumbai  
 Date: April 27, 2016



**Karyavattom Sports Facilities Limited****Statement of Profit and Loss for the year ended March 31, 2016**

(All amounts in Indian Rupees except as otherwise stated)

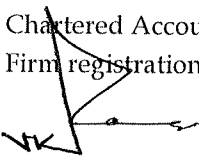
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Revenue</b>			
Revenue from operations	15	87,383,871	-
Other income	16	1,167,765	1,040,988
<b>Total revenue (I)</b>		<b>88,551,636</b>	<b>1,040,988</b>
<b>Expenses</b>			
Other expenses	17	50,965,961	18,143,937
Employee benefit expenses	18	1,078,139	35,070
Finance costs	19	81,431,484	73,624
Depreciation (Refer note 2(b))	10	72,852,622	-
<b>Total expenses (II)</b>		<b>206,328,206</b>	<b>18,252,631</b>
<b>Loss before tax (I-II)</b>		<b>(117,776,570)</b>	<b>(17,211,643)</b>
Tax expense		-	-
<b>Loss for the year</b>		<b>(117,776,570)</b>	<b>(17,211,643)</b>
<b>Earnings per share [Nominal value of share Rs. 10 (March 31, 2015: Rs. 10)]</b>	20		
<b>Basic and diluted</b>		<b>(2.73)</b>	<b>(0.68)</b>
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements  
As per our report of even date

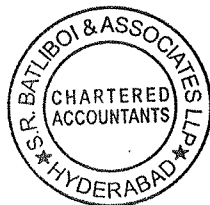
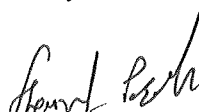
**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

Firm registration number: 101049W

  
per Vikas Kumar Pansari  
Partner

Membership No: 093649

**For and on behalf of the Board of Directors of  
Karyavattom Sports Facilities Limited**  
Director  
Director  
Chief Financial Officer

Place: Hyderabad

Date: April 27, 2016

Place: Mumbai

Date: April 27, 2016





**Karyavattom Sports Facilities Limited**  
**Cash flow statement for year ended March 31, 2016**  
(All amounts in Indian Rupees except as otherwise stated)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(A) Cash flow from operating activities</b>		
Loss before tax	(117,776,570)	(17,211,643)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation	72,852,622	(4,383)
Interest income	(1,125,105)	-
Interest expenses	81,376,513	-
<b>Operating profit / (loss) before working capital changes</b>	<b>35,327,460</b>	<b>(17,216,026)</b>
<b>Movement in working capital</b>		
Increase in other liabilities	263,616,644	1,365,890
Increase in trade payable	80,127	11,987,076
Decrease / (increase) in other assets	2,690,902	(22,478,184)
Decrease / (increase) in loans and advances	10,601,407	(2,046,337)
<b>Cash generated from / used in operating activities</b>	<b>312,316,540</b>	<b>(28,387,581)</b>
Direct taxes paid	227,639	(389,945)
<b>Net cash generated from / used in the operating activities</b>	<b>A 312,544,179</b>	<b>(28,777,526)</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of fixed assets including capital work-in-progress	(648,267,243)	(1,696,923,506)
(Decrease) / increase in capital creditors	(99,058,804)	338,327,242
Decrease in capital advances	9,291,669	110,089,997
Investments in bank deposits (having original maturity of more than three months)	(65,200,000)	-
Interest received	1,957,159	7,867,465
<b>Net cash used in the investing activities</b>	<b>B (801,277,219)</b>	<b>(1,240,638,802)</b>
<b>(C) Cash from financing activities</b>		
Proceeds from issue of shares	-	280,700,000
Proceeds from long term borrowings	768,800,000	1,060,800,000
Repayment of long term borrowings	(98,700,000)	-
Proceeds from Short-term borrowings	170,000,000	-
Interest paid	(326,650,490)	(211,052,799)
<b>Net cash generated from financing activities</b>	<b>C 513,449,510</b>	<b>1,130,447,201</b>
<b>(D) Net increase / (decrease) in cash and cash equivalents</b>	<b>(A+B+C) 24,716,470</b>	<b>(138,969,127)</b>
Cash and cash equivalent at the beginning of the year	44,339,386	183,308,513
Cash and cash equivalent at the end of the year (Refer note 14)	69,055,856	44,339,386
<b>Net increase / (decrease) in Cash and cash equivalents</b>	<b>24,716,470</b>	<b>(138,969,127)</b>

Significant accounting policies

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The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

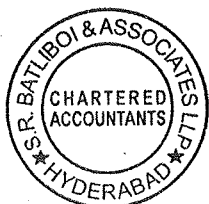
Firm registration number: 101049W

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No: 093649



For and on behalf of the Board of Directors of  
**Karyavattom Sports Facilities Limited**

*Shant Pall*

Director

*Bulaw*

Director

*S.R. Pansari*  
Chief Financial Officer

Place: Mumbai

Date: April 27, 2016



Place: Hyderabad

Date: April 27, 2016