

INDEPENDENT AUDITOR'S REPORT

To the Members of Prestige Estates Projects Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS financial statements of Prestige Estates Projects Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to Note 54 to the Standalone Ind AS financial statements for the year ended March 31, 2021, which describes the management's evaluation of COVID-19 impact on the future business operations and future cash flows of the Company and its consequential effects on the carrying value of its assets as at March 31, 2021. In view of the uncertain economic conditions, the management's evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve. Our opinion is not modified in respect of this matter.

We draw attention to Note 53 to the Standalone Ind AS financial statements, where in it is stated, that the Company has gross receivables of ₹ 923 million from a land owner, against whom winding up petitions has been ordered by the Hon'ble High Court of Judicature. Pending resolution of litigation against the land owner, these receivables are classified as recoverable by the Company based on rights under a Joint Development Agreement. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition from Contract with Customers (as described in note 2.6, 31 and 52 of the standalone Ind AS financial statements)</p> <p>In accordance with the requirements of Ind AS 115, Company's revenue from sale of real estate inventory property (other than projects executed through joint development arrangements described below), is recognised at a point in time, which is upon the Company satisfying its performance obligation and the customer obtaining control of the promised asset.</p> <p>For revenue contract forming part of joint development arrangements ('JDA') that are not jointly controlled operations, the revenue from the development and transfer of constructed area/ revenue sharing arrangement and the corresponding land/ development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner. Such revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.</p> <p>For contracts involving sale of real estate inventory property, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. The assessment of such consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.</p> <p>Ind AS 115 requires significant judgment in determining when 'control' of the property underlying the performance obligation is transferred to the customer. Further, for projects executed through JDA, significant estimate is undertaken by management for determining the fair value of the estimated construction service.</p> <p>As the revenue recognition involves significant estimates and judgement, we regard this as a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We read the accounting policy for revenue recognition of the Company and assessed compliance of the policy in terms of principles enunciated under Ind AS 115. We, on a sample basis inspected the underlying customer contracts and assessed the management evaluation of determining revenue recognition from sale of real estate inventory property at a point in time in accordance with the requirements under Ind AS 115. We understood and tested management process and controls around transfer of control in case of sale of real estate inventory property and further controls related to determination of fair value of estimated construction service rendered to the landowner in relation to projects executed through JDA. We, on a sample basis inspected the sale deed and handover documents, evidencing the transfer of control of the property to the customer based on which revenue is recognised at a point in time. We on a sample basis inspected the underlying customer contracts to determine, whether the contracts with customers involved any financing element. We assessed the disclosures made in accordance with the requirements of Ind AS 115. <p>For projects executed during the year through JDA, on a sample basis:</p> <ul style="list-style-type: none"> We obtained and examined the computation of the fair value of the construction service under JDA We obtained the joint development agreements entered into by the Company and compared the ratio of constructed area/ revenue sharing arrangement between the Company and the landowner as mentioned in the agreement to the computation statement prepared by the management. We compared the fair value of the estimated construction service, to the project cost estimates and mark up considered by the management. We assessed the disclosures made in accordance with the requirements of Ind AS 115.
<p>Assessing the recoverability of carrying value of Investment property and investment properties under construction (as described in note 2.14, 2.15, 2.17, 5 and 54 of the standalone Ind AS financial statements)</p> <p>As at March 31, 2021, the carrying value of the Investment property is ₹ 17,644 million (including properties under construction - ₹ 6,242 million). The carrying value of the investment property is calculated using land costs, construction costs, interest costs and other related costs. The Company reviews on a periodical basis whether there are any indicators of impairment of such investment properties, i.e. ensuring that its investment properties are carried at no more than their recoverable amount.</p> <p>We considered the assessment of carrying value of Investment property as a key audit matter due to significance of the balance and significant estimates and judgement involved in impairment assessment.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We assessed the Company's valuation methodology and assumptions based on current economic and market conditions including effects of COVID-19 pandemic, applied in determining the recoverable amount. We obtained and read the valuation report used by the Company's management for determining the fair value ('recoverable amount') of the investment property. We considered the independence, competence and objectivity of the external specialist involved by the management in determination of valuation. We assessed the Company's valuation methodology applied and compared key property related data used as input with historical actual data. We assessed the key assumptions used in Group's valuation including but not limited to discount rates, cashflows, etc. We compared the recoverable amount of the investment property to the carrying value in books. We assessed the disclosures made in the financial statements in this regard.

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Key audit matters	How our audit addressed the key audit matter
<p>Assessing the recoverability of carrying value of Inventory (including advances paid towards land procurement) and Refundable deposit paid under JDA (as described in note 2.18, 12 and 54 of the standalone Ind AS financial statements)</p> <p>As at March 31, 2021, the carrying value of inventory comprising of Work in progress and Stock of units in completed projects is ₹ 68,798 million. The inventory is valued at the lower of the cost and net realisable value ("NRV"). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs.</p> <p>As at March 31, 2021, the carrying value of land advance is ₹ 529 million and refundable deposit is ₹ 5,221 million. Advances paid by the Company to the landowner/ intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Company, whereupon it is transferred to land stock under inventories. For land acquired under joint development agreement, the Company has paid Refundable deposits for acquiring the development rights.</p> <p>The aforesaid deposits and advances are carried at the lower of the amount paid/ payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.</p> <p>We identified the assessment of the carrying value of inventory and land advances/ deposits as a key audit matter due to the significance of the balance to the financial statements as a whole and the involvement of estimates and judgement in the assessment.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We evaluated the design and operation of internal controls related to testing recoverable amounts with carrying amount of inventory and advances, including evaluating management processes for estimating future costs to complete projects. We assessed the Company's methodology based on current economic and market conditions including effects of COVID-19 pandemic, applied in assessing the carrying value. We obtained and tested the computation involved in assessment of carrying value including the NRV/ net recoverable value. We made inquiries with management to understand key assumptions used in determination of the NRV/ net recoverable value. <p>For inventory balance:</p> <ul style="list-style-type: none"> We compared the total projected budgeted cost to the total budgeted sale value from the project. We compared the NRV to recent sales in the project or to the estimated selling price including effects of COVID-19 pandemic, applied in assessing the NRV We compared the NRV to the carrying value in books. <p>For land advance/ refundable deposits:</p> <ul style="list-style-type: none"> We obtained and assessed the management assumptions based on current economic and market conditions including effects of COVID-19 pandemic, relating to launch of the project, development plan and future sales. We obtained status update from the management and verified the underlying documents for related developments in respect of the land acquisition and expected realization of deposit amount. We carried out external confirmation procedures on sample basis to obtain evidence supporting the carrying value of land advance and refundable deposits on sample basis.
<p>Assessing impairment of Investments and loans and advances made by the Company in subsidiaries, joint ventures and associated Companies (as described in note 2.20, 7 and 54 of the standalone Ind AS financial statements)</p> <p>As at March 31, 2021, the carrying values of Company's investment in subsidiaries, joint ventures and associated Companies amounted to ₹ 15,596 million. Further, the Company has granted loans and advances to its subsidiaries, joint ventures and associates amounting to ₹ 23,779 million as at March 31, 2021. Management reviews regularly whether there are any indicators of impairment of the investments and loans and advances by reference to the requirements under Ind AS.</p> <p>For cases where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. Significant judgements are required to determine the key assumptions used in determination of fair value/ value in use.</p> <p>We focused our effort on those cases with impairment indicators. As the impairment assessment involves significant assumptions and judgement, we regard this as a key audit matter.</p>	<p>Our procedures in assessing the management's judgement for the impairment assessment included, among others, the following:</p> <ul style="list-style-type: none"> We examined the management assessment in determining whether any impairment indicators exist. <p>As regards investments made:</p> <ul style="list-style-type: none"> We assessed the Company's valuation methodology and assumptions based on current economic and market conditions including effects of COVID-19 pandemic, applied in determining the recoverable amount. We obtained and read valuation report of underlying property of the investee entity, if any, basis which the management had determined the recoverable amount. We considered the independence, competence and objectivity of the external specialist involved by the management, if any, in determination of valuation. We involved experts to review the assumptions used by the external specialists involved by the management, where applicable. We compared the recoverable amount of the investment to the carrying value in books as at March 31, 2021. We assessed the disclosures made in the financial statements regarding such investments.

Key audit matters	How our audit addressed the key audit matter
	<p>As regards loans and advances granted:</p> <ul style="list-style-type: none"> We obtained and considered management evaluation based on current economic and market conditions including effects of COVID-19 pandemic, applied in determining the recoverability of loans and advances granted to its subsidiaries, joint ventures and associate entities. We assessed the financial condition of entities to whom loans and advances were granted by obtaining the most recent audited financial statements of such entities. We performed inquiries with management on the project status and future business plan of entities to whom loans and advances were granted to evaluate their recoverability. We assessed the disclosures made in the financial statements regarding such loans and advances.

Accuracy and completeness of related party transactions (as described in note 51 of the standalone Ind AS financial statements)	
<p>The Company has undertaken transactions with its related parties in the normal course of business at arm's length. These include making new or additional investments in its subsidiaries, associates, joint ventures and other related parties and lending and borrowing of Inter- corporate deposits ('ICD') to or from the related parties.</p> <p>We identified the accuracy and completeness of the said related party transactions as set out in respective notes to the financial statements as a key audit matter due to the significance of transactions with related parties during the year ended March 31, 2021 and regulatory compliance thereon.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We obtained and read the Company's policies, processes and procedures in respect of identifying related parties, evaluation of arm's length, obtaining approval, recording and disclosure of related party transactions. We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents and for appropriate authorization and approval for such transactions. We read minutes of shareholder meetings, board meetings and minutes of meetings of those charged with governance in connection with Company's assessment of related party transactions being in the ordinary course of business at arm's length. We agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.

Accuracy and completeness of the accounting, classification and presentation of assets and liabilities ('disposal group') held for sale (as described in note 2.26 and 50 of the standalone Ind AS financial statements)	
<p>On November 9, 2020, management of the Company had entered into a term sheet with certain acquirers for sale of Company's direct/ indirect interest in certain commercial offices, retail and hotel properties, mall management and identified maintenance business ('Transaction').</p> <p>Pursuant to above, the Company, on or before March 31, 2021, has signed definitive documents with the acquirers and transferred control for a portion of the assets/interests as contemplated in the Transaction resulting in net profit/(loss) before tax of ₹ (813) million.</p> <p>The Company has evaluated recognition, measurement and disclosure requirements under the Indian Accounting Standard (Ind AS) 105 - Non-current Assets Held for Sale and Discontinued Operations as at March 31, 2021.</p> <p>Given the magnitude of the transaction, the complexity of the accounting and significant judgement involved in the assessment of requirements under Ind AS 105, we considered the accuracy and completeness of the accounting, classification and presentation of disposal group held for sale, to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We obtained and tested Company's computation of profit/(loss) after tax including their evaluation applied in determining the accounting treatment and agreed with underlying supporting documents. We read minutes of board meetings (including applicable committee's) shareholder meetings, and minutes of meetings of those charged with governance in connection with the Transaction. We assessed the Company's evaluation and judgement applied in recognition, measurement and disclosure requirements under Ind AS 105, including evaluation of Discontinued Operations. We read the term sheet and relevant agreements in connection with the said Transaction. We evaluated the tax impacts provided by the management by engaging experts, where applicable. We examined, management's assessment in determining whether any impairment indicators exist in connection with the disposal group classified as held for sale. We made inquiries with management to understand key assumptions used in determination of the fair value less costs to sell in relation to disposal group classified as held for sale. We compared the recoverable amount of the disposal group classified as held for sale to the carrying value in books. We assessed the disclosures made in the financial statements.

We have determined that there are no other key audit matters to communicate in our report.

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OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Standalone Ind AS financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or

conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements and other financial information as regards Company's share in profits of partnership firm/ limited liability partnership investments (post tax) amounting to ₹ 469 million for the year ended March 31, 2021. These Ind AS financial statements and other financial information of the said partnership firm/ limited liability partnership investments have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Standalone Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these partnership firm/ limited liability partnership investments and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid Company's share of profits of partnership firm/ limited liability partnership investments, is based solely on the reports of such other auditors. Our opinion is not modified in respect of this matter.

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 purposes 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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The first matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) With respect to the adequacy of the internal financial controls with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (i) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

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- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 40 to the Standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the Standalone Ind AS financial statements;
- iii. Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Details of delay	Date of payment	Amount involved (₹)	No of days
Delay in transfer of unpaid dividend to the fund	Unpaid as on date of this report	31,874	211 days as on date of this report

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka

Partner
Membership Number: 209567
UDIN: 21209567AAAADB5837

Place of Signature: Bengaluru, India
Date: June 08, 2021



ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: Prestige Estates Projects Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets comprising of investment property and property, plant and equipment except for particulars of quantitative details in certain cases, which the Company is in the process of updating.
- (b) All property, plant and equipment and investment property have not been physically verified by the management during the year but there is a regular program of verification 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.
- (c) According to the information and explanations given by the management and based on the examination of the registered sale deed/transfer deed/registered joint development agreements provided to us, we report that, the title deeds of immovable properties included in property, plant and equipment and investment property are held in the name of the Company. Immovable properties of land and buildings whose title deeds have been pledged as security for term loans and guarantees, are held in the name of the Company based on confirmations received by us from lenders.
- (ii) The inventories held by the Company comprise stock of units in completed projects and work in progress of projects under development. Having regard to the nature of inventory, the management has conducted physical verification of inventory by way of verification of title deeds, site visits conducted and certification of extent of work completion by competent persons, at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to fourteen parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest considering the interest charged and/or furtherance of the business objectives of the Company. The Company has also made interest free loans to certain subsidiaries/ jointly controlled entity. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to subsidiaries/ jointly controlled entity of the Company in the interest of the Company's business, the terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (b) In respect of loans granted to parties covered in the register maintained under Section 189 of the Companies Act, 2013, the principal and interest are repayable on demand. The repayments of principal amounts and interest have been regular as per stipulations.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company, as applicable.
- (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) 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 section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified 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, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities however tax deducted at source and provident fund dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income- tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount # (₹ In millions)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty	7	2014-15	Commissioner (Appeals) – Customs Duty
Finance Act, 1994	Service tax	30	Various	High Court of Karnataka
Finance Act, 1994	Service tax including penalties	259	July 2010-July 2012	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act	Value added tax and interest	55	2007-2010	Deputy Commissioner of Commercial Taxes (Intelligence & Co-ordination), Bangalore
Karnataka Value Added Tax Act	Value added tax and interest	Nil	April 2006-August 2007	Karnataka Appellate Tribunal
Kerala Value Added Tax Act	Value added tax and interest	260	Various	High Court of Kerala
Kerala Value Added Tax Act	Value added tax	50	April 2009-March 2011	Assistant Commissioner (Works Contract), Ernakulam
Income Tax Act, 1961	Income tax, interest and penalty	9	Various	Commissioner of Income tax (Appeals)

Net of ₹ 606 million paid under protest

- (viii) In our opinion and according to the information and explanations given by the management and based on confirmations given by banks and financial institutions, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans (representing loans with a repayment period beyond 36 months) and debt instruments for the purposes for which those were raised, other than temporary deployment pending application of proceeds. The Company has not raised any monies by way of initial public offer or further public offer.
- (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 material fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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) 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 except for transactions as mentioned in Note 51 (D) to the standalone Ind AS financial statements.

- (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, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) 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 as referred to in section 192 of Companies Act, 2013.
- (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/E300004

per Adarsh Ranka

Partner

Membership Number: 209567

UDIN: 21209567AAAADB5837

Place of Signature: Bengaluru, India

Date: June 08, 2021



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PRESTIGE ESTATES PROJECTS LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Prestige Estates Projects Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS 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 ("ICAI"). 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 with reference to these standalone Ind AS financial statements 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of

internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, 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 Company's internal financial controls with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone Ind AS financial statements 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 controls with reference to standalone Ind AS financial statements includes those policies and procedures 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 WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference

to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements 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, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka

Partner

Membership Number: 209567

UDIN: 21209567AAAADB5837

Place of Signature: Bengaluru, India

Date: June 08, 2021

