

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
L-41 Connaught Circus
New Delhi 110001
India

T +91 124 462 8099
F +91 124 462 8001

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 (as amended)

To the Board of Directors of Emaar MGF Land Limited

Qualified Opinion

1. We have audited the accompanying annual financial results ("the Statement") of Emaar MGF Land Limited ("the Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("the Listing Regulations"), including relevant circulars issued by SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - i. presents financial results in accordance with the requirements of Regulation 52 of the Listing Regulations, except for the possible effects of the matter described in paragraph 3 below; and
 - ii. gives a true and fair view in conformity with the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the net loss after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2020, except for the possible effects of the matter described in paragraph 3 below.

Basis for Qualified Opinion

3. As described in note 3 to the accompanying Statement which describes the petition filed by Emaar Holding II, shareholder and promoter of the Company under Section 241 of the Companies Act, 2013 seeking relief against former shareholder, managing director, director and their connected entities (collectively referred to as 'MGF Group') where the Company has also been named as a respondent party. Under this petition, Emaar Holding II has, inter-alia, prayed to direct MGF Group to compensate the Company and Emaar Holding II to the extent of loss caused due to their certain acts and transactions that occurred between the years from 2006 to 2016, along with interest, from the date of respective loss. Pending adjudication of the matter, the management is of the view that the impact of such alleged acts and transactions on the accompanying Statement is presently unascertainable and hence, in absence of such information, we are unable to comment on the impact, if any, of such alleged acts and transactions on the accompanying Statement.

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 (as amended) (Cont'd)

4. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Statement* 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 ('the ICAI') 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, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

5. We draw attention to the following notes in the accompanying Statement:
 - 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. 362.78 million and Rs. 1,420.23 million respectively as at 31 March 2020. As described in the note, there are various significant ongoing litigations in the said subsidiary company relating to a project undertaken by it, the final outcome of which is presently unascertainable.
 - 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. 4,100.68 million and Rs. 3,145.19 million respectively with respect to this project as at 31 March 2020. The final outcome of these litigations is presently unascertainable.
 - iii. Note 6, which describes the uncertainties due to the outbreak of Covid-19 pandemic and the management's evaluation of the same on the standalone financial results of the Company as at the balance sheet date. In view of these uncertainties, the impact on the Company's results is significantly dependent on future developments.

Our opinion is not modified in respect of these matters.

Management's and Those Charged with Governance Responsibilities for the Statement

6. This Statement has been prepared on the basis of the annual audited financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 52 of the Listing Regulations. 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 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 (as amended) (Cont'd)

7. In preparing the Statement, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

9. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 Standards on Auditing, specified under section 143(10) of the Act, 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 this Statement.
10. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, 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 in place an adequate internal financial controls system over financial reporting 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 the management.
 - Conclude on the appropriateness of the 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 Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
11. 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.
12. 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.

Walker Chandiok & Co LLP

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 (as amended) (Cont'd)

Other Matter

13. The Statement includes the financial results for the half year ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited figures for the half year ended 30 September 2019, which were subject to limited review by us.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sd/-

Manish Agrawal

Partner

Membership No. 507000

UDIN: 20507000AAAACF6744

Place: Ghaziabad

Date: 29 July 2020



EMAAR MGF Land Limited

CIN-U45201DL2005PLC133161

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

Email ID – company.secretary@emaarmgf.com

Website : www.emaar-india.com

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2020

(Rs. in million)

Particulars	As at 31 March 2020	As at 31 March 2019
ASSETS		
Non-current assets		
Property, plant and equipment	910.52	665.39
Capital work-in-progress	19.71	31.95
Right of use assets	138.57	-
Intangible assets	1.45	4.19
Financial assets		
Investments	869.83	929.93
Loans	27.29	27.72
Other bank balances	613.96	419.85
Non-current tax assets (net)	224.43	165.40
Other non-current assets	2,085.80	2,833.16
Total non-current assets	4,891.56	5,077.59
Current assets		
Inventories	58,299.46	68,136.82
Financial assets		
Investments	25.14	559.37
Trade receivables	742.26	910.17
Cash and cash equivalents	615.37	900.95
Other bank balances	1,688.91	506.37
Loans	6,259.39	7,448.64
Other financial assets	324.26	395.64
Other current assets	36,128.40	37,837.23
Total current assets	104,083.19	116,695.19
Total assets	108,974.75	121,772.78
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,303.24	912.62
Other equity	(35,315.81)	(33,633.93)
Total equity	(34,012.57)	(32,721.31)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	49,389.73	21,194.09
Lease liabilities	137.04	-
Other financial liabilities	11,230.08	-
Provisions	103.66	82.98
Current liabilities		
Financial liabilities		
Borrowings	8,449.62	15,022.54
Lease liabilities	25.32	-
Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	90.08	31.73
-Total outstanding dues of other creditors other than micro enterprises and small enterprises	10,308.58	3,934.32
Other financial liabilities	11,386.14	36,130.99
Other current liabilities	44,405.69	72,617.22
Provisions	7,461.38	5,480.22
Total liabilities	142,987.32	154,494.09
Total equity and liabilities	108,974.75	121,772.78



AUDITED STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR AND YEAR ENDED 31 MARCH 2020

(Rs. in million)

Particulars	Half year ended 31 March 2020	Half year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
	Unaudited (Refer note 17)	Unaudited (Refer note 17)	Audited	Audited
INCOME				
Revenue from operations	18,881.22	11,119.16	34,035.42	22,515.88
Other income	305.85	562.15	517.14	1,277.22
Total income	19,187.07	11,681.31	34,552.56	23,793.09
EXPENSES				
Cost of land, constructed properties, development rights and others	15,509.27	8,274.43	26,980.38	17,348.53
Employee benefits expense	500.52	327.60	886.27	637.21
Finance costs	3,319.16	2,635.73	6,753.14	5,297.20
Depreciation and amortization expense	66.39	31.99	117.89	58.36
Other expenses	1,517.08	2,342.66	4,855.86	4,691.68
Total expenses	20,912.42	13,612.41	39,593.54	28,032.98
Loss before exceptional items and tax	(1,725.35)	(1,931.10)	(5,040.98)	(4,239.89)
Exceptional items (net) (refer note 11)	1,403.17	-	3,510.44	-
Loss before tax	(322.18)	(1,931.10)	(1,530.54)	(4,239.89)
Tax expense				
Current tax – earlier years	-	(50.09)	-	(50.09)
Loss for the period/year	(322.18)	(1,881.01)	(1,530.54)	(4,189.80)
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent years				
Re-measurement gains on defined benefit plans	0.80	7.71	0.36	19.33
Other comprehensive income for the period/ year, net of tax	0.80	7.71	0.36	19.33
Total comprehensive income for the period/ year, net of tax	(321.38)	(1,873.30)	(1,530.18)	(4,170.47)
Loss per share (in rupees) (Basic and diluted) (not annualised)	(2.47)	(14.24)	(13.21)	(10.30)
Paid-up equity share capital (face value of Rs.10 per share)	1,303.24	912.62	1,303.24	912.62
Other equity (excluding debenture redemption reserve)	(36,053.94)	(34,372.06)	(36,053.94)	(34,372.06)
Debenture redemption reserve	738.13	738.13	738.13	738.13
Net worth	(34,012.57)	(32,721.31)	(34,012.57)	(32,721.31)
Paid up debt capital	63,843.76	58,502.80	63,843.76	58,502.80
Debt equity ratio	(1.88)	(1.79)	(1.88)	(1.79)
Debt service coverage ratio	0.33	0.16	0.32	0.07
Interest service coverage ratio	0.92	0.28	0.79	0.21

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 29 July 2020. These financial results have been subjected to audit by Statutory Auditors of the Company.
- 2) Ratios have been computed as follows:
 - (i) Debt Equity Ratio = Paid up debt capital/equity, where,
 - * Equity represents issued, subscribed and paid up equity share capital and other equity
 - * Paid up debt capital represents long-term and short-term borrowings excluding deferred payment liabilities and lease liabilities.
 - (ii) Debt Service Coverage ratio = Earnings before finance costs, tax and depreciation and amortization expense/[finance costs + principal repayment of paid debt capital during the period/year]
 - (iii) Interest Service Coverage ratio = Earnings before finance costs, tax and depreciation and amortization expense /finance costs
 - (iv) Net worth represents total equity
 - (v) Paid up equity share capital represents issued, subscribed and paid up equity share capital.



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 plus; Outlook: Stable)	Not applicable	20 May 2022	30 September 2014 (paid)	20 May 2022

* During the half year, CARE Ratings has revised its long-term rating from “CARE BB under credit watch with negative implication” to “CARE BB+; Stable” on long-term fund-based borrowings of the Company.

Notes:

- Due dates disclosed above are after considering extensions granted by the debenture holders.
 - The non-convertible debentures referred above are secured by an adequate asset cover.
 - Pursuant to the scheme of arrangement between the Company, MGF Developments Limited (‘the resulting company’) and their respective shareholders and creditors which has been approved by the National Company Law Tribunal (NCLT) vide its order dated 16 July 2018, 30.79% of the face value of Rs. 1,000,000 of each debenture has been demerged and transferred to the resulting company. The above mentioned face value of Rs. 1,000,000 was before demerger.
- On 19 November 2019, Emaar Holding II, shareholder & promoter of the Company, filed a petition under Section 241 of the Companies Act, 2013, before the Hon’ble National Company Law Tribunal (‘NCLT’), New Delhi, seeking relief against MGF Developments Limited, Mr. Shravan Gupta, Ms. Shilpa Gupta and its connected entities (MGF Group). Emaar Holding II has, inter-alia, prayed to direct MGF Group to compensate the Company and Emaar Holding II to the extent of loss caused due to their certain acts and transactions along with interest, from the date of respective loss. MGF Group had also filed its reply and thereafter both parties have filed rejoinders. The Company has also filed criminal complaints against MGF and its associates, in respect of certain matters referred to in Section 241 petition filed by Emaar Holding II. As the matters are in initial stage or currently sub-judice, any impact of the same on the financial results is not ascertainable at this stage. The auditors have expressed qualification on the same.
 - 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 whereby the Company has obtained legal advice and expects favorable outcomes. The Company has investments in the equity share capital of the said Subsidiary aggregating to Rs. 362.78 million (31 March 2019 - Rs. 362.78 million) and has advances recoverable aggregating to Rs. 1,420.23 million (31 March 2019 - Rs. 1,495.31 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.
 - 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. 4,100.68 million (31 March 2019 - Rs. 4,087.25 million) and Rs. 3,145.19 million (31 March 2019 - Rs. 3,323.45 million) respectively. The matters mentioned herein are pending with judicial authorities at various levels. Based on the legal advices received and internal assessments, the management believes that the allegations/matters raised above are untenable and contrary to the factual position. The auditors have expressed an emphasis of matter on the same.



- 6) The outbreak of 'Covid-19' has severely impacted the businesses and economic activities around the world including India. Governments, both State and Central, have imposed lock down and other emergency restrictions which has led to the disruption of all regular business operations. The Company has made assessment of its liquidity position, including recoverability of assets at balance sheet date. Actual impact of Covid-19 pandemic on the Company's results remains uncertain and same is dependent on further spread of the disease, various steps taken by the Government to mitigate the economic impact and may differ from that estimated as at the date of approval of these financial statements. The Company is monitoring the situation closely and expected to resume regular business activities in phased manner as per the Government's directives. The auditors have expressed an emphasis of matter on the same.
- 7) As at 31 March 2020, the Company has borrowings of Rs. 6,939.24 million which are due for repayment in the next one year. As per the present business plans, the Company will be able to meet its financial obligations in the next one year. As at 31 March 2020, while the Company's net worth is negative (primarily due to Demerger happened in the financial year 2018-19), the management has considered the fact that the Company has significant asset base, including land inventories or land development rights, which can yield values in excess of their book values on development and can hence be used for raising additional capital, if and when required. Further, the Emaar Properties PJSC, ultimate holding company has agreed that it shall continue to provide support to the Company in arranging for funds to enable the Company to meet its operational and project requirements. Hence, these financial results have been prepared on a going concern basis.
- 8) The National Company Law Tribunal (NCLT) vide its order dated 16 July 2018 had approved the scheme of arrangement (Demerger) between the Company and MGF Developments Limited (MGF) and the same was filed with the Registrar of Companies on 31 July 2018. The said Scheme is effective from the appointed date of 30 September 2015. On 3 June 2019, MGF had filed an application before the NCLT under Section 231 of the Companies Act, 2013 for enforcement of the Scheme. NCLT vide its order dated 19 November 2019, directed the Company and MGF to mediate the matter before former Supreme Court Judge, Justice D.K. Jain ("Mediator"), and for the Mediator to suggest ways and means for implementation of Scheme by the parties. Pursuant to such appointment of Mediator, the NCLT disposed-off the said Section 231 application filed by MGF. During the mediation process, the Company informed the Mediator that MGF has invoked arbitration proceedings raising various disputes under demerger arrangement before the International Court of Arbitration, International Chamber of Commerce ('ICC'), London, as referred in Note No. 9 below. The Company further informed the Mediator that there will be an overlap of arbitration proceedings and the mediation process, hence, the mediation proceedings be terminated. In view of the same, the Mediator vide its order dated 27 January 2020 closed the mediation proceedings, with liberty to the parties to revive the same, as and when considered necessary. Thereafter, MGF again filed an application u/s 231 of the Companies Act, 2013 for implementation of the Scheme and the matter is currently sub-judice before NCLT.
- 9) The Company, its ultimate holding company (Emaar Properties PJSC), MGF Developments Limited (MGF) and other parties had entered into certain indemnity agreement(s), which entitled the Company to raise indemnity claims on MGF, Mr. Shravan Gupta and their group companies in respect of certain expenses/losses incurred by the Company. As per the terms of indemnity agreement(s), if MGF does not settle such indemnity claims within ten days from the date of receipt, the Company or its land owning subsidiaries may unilaterally settled such claims by, inter-alia, terminating the development rights of certain land parcel(s) which were earlier transferred to MGF pursuant to the Demerger order dated 16 July 2018. Pursuant to the above, the Company had raised various claims, which MGF had failed to settle. In view of the same, on 17 September 2019, the Company and its land owning subsidiaries has enforced some of such indemnity claims during the current period, by way of cancellation of development rights over certain land parcel(s). The fair value of such land parcels is Rs. 2,250.00 million. In terms of the indemnity agreements, the development rights of such land parcel(s) vest with the Company. Accordingly, the Company has recognised inventory of Rs. 2,250.00 million and claim income of Rs. 2,020.44 million.

Against such termination, on 02 November 2019, MGF had filed two petitions, under Section 9 of the Arbitration and Conciliation Act, 1996 before the Hon'ble Punjab and Haryana High Court (the 'High Court'). The High Court through its orders dated 28 November 2019 had directed that the parties shall not create third party rights on such land parcels over which the development rights were terminated by the subsidiaries of the Company and to maintain the corpus subject-matter of dispute in status-quo. The High Court further directed MGF to invoke the arbitration clause under the indemnity agreements and initiate the International Arbitration process. The Request for Arbitration ("RFA") was submitted by MGF on 22 December 2019 to the International Court of Arbitration, International Chamber of Commerce ('ICC'), London. The RFA, inter-alia, requested for resolution of disputes by arbitration over various matters pertaining to demerger arrangement between the parties, including the said indemnity agreements. The Arbitral Tribunal has been constituted with the Company and MGF each nominating their arbitrators and both these arbitrators have appointed a third arbitrator who is acting as president for such arbitration proceedings seated in London. The matter is currently sub-judice.



Subsequent to the close of financial year, on 7 April 2020, the Company had further asked MGF to settle certain additional indemnity claims. However, on 21 April 2020, MGF had filed an Application for Temporary Restraining Order & Interim Measures (“TRO”) before the Arbitral Tribunal against the Company’s unilateral settlement such further indemnity claims. After hearing both the parties, vide its order dated 15 May 2020, the Arbitral Tribunal has dismissed MGFs TRO application and ordered that the Company should be free to exercise their contractual rights to enforce the security provided by MGF, by way of termination of development rights over certain land parcels, on the basis that damages will be an adequate remedy if the Company does so in breach of agreements. The Arbitral Tribunal further confirmed that, not only the Company may unilaterally settle indemnity claims raised vide its letter dated 7 April 2020, but the Company could also settle its claims of 17 September 2019, as it did against certain assets, and that there should be no restraint on alienation of the development rights in those assets. Accordingly, the order of the Punjab & Haryana High Court dated 28 November 2019 was superseded and discharged by Arbitral Tribunal Order.

Pursuant to the said Order of the Arbitral Tribunal dated 15 May 2020, the Company and its land owning subsidiaries have enforced the additional indemnity claims of 7 April 2020, by way of termination of development rights over certain land parcel(s), having a value of Rs. 1,375.00 million and development rights of such land parcel(s) now vest with the Company.

- 10) The Hon’ble Supreme Court had, vide its judgment dated 9 August 2019 disposed of the bunch of writ petitions and has upheld the constitutional validity of provisions inserted by the Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 (“Code”). As a result, the homebuyers continued to be considered as financial creditor for the purposes of the said Code. However, pursuant to the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019 promulgated on 28 December 2019, the said Code was amended to provide minimum thresholds in case of real estate projects, that if an allottee wants to initiate the insolvency process, the application should be filed jointly by at least 100 allottees of the same real estate project, or 10% of the total allottees under that project, whichever is less. After promulgation of the Ordinance, a number of homebuyers had approached the Hon’ble Supreme Court by filing writ petitions challenging the said provisions of Ordinance to be ultra vires the Constitution of India and in violation of Articles 14 and 21 (Fundamental Rights). The Supreme Court has recently issued notice to the Government in the matter and have stayed the proceedings before NCLT in the matters wherein amendment of petition as per Ordinance is required. The matter is currently sub-judice. Based on the developments and legal advice received, management is confident that no material liability will devolve in respect of Company matters pending before NCLT.
- 11) Exceptional items for the year include:
 - a) Pursuant to first settlement agreement and indemnity agreements (as explained in note 8 above) signed between the Company, its ultimate holding company (Emaar Properties PJSC), MGF Developments Limited (MGF) and other parties, the Company has recognised Rs. 4,307.30 million as claim income from MGF in these financial results and has been disclosed as an exceptional item.
 - b) The Company has reassessed the recoverability of certain assets held by one its subsidiary company related to a retail mall in the current economic environment, based on best estimates as per external or internal information available. Accordingly, impairment loss of Rs. 295.33 million have been recognized in these financial results and has been disclosed as an exceptional item.
 - c) During the year ended 31 March 2020, the Company has signed share purchase agreement with Mountainia Developers and Hospitality Private Limited for sale of hospitality business running through its wholly owned subsidiary “Multitude Infrastructure Private Limited”. Accordingly, loss on sale investment of Rs. 331.63 million (net of impairment provision of Rs. 307.04 million recognised as on 31 March 2019) has been recognised in these financial results and has been disclosed as an exceptional item.
 - d) The Company has reassessed the recoverability of certain assets related to operating club in the current economic environment, based on best estimates as per external or internal information available. Accordingly, impairment loss of Rs. 169.90 million have been recognized in these financial results and has been disclosed as an exceptional item.



- 12) On June 24, 2020, the Company's offices in New Delhi and Gurgaon were subjected to search and seizure operations conducted by the Enforcement Directorate under Section 17 in the Prevention of Money Laundering Act, 2002. During the search, the Enforcement Directorate took custody of certain documents/records of the Company and some of its subsidiaries. While Enforcement Directorate searched the offices of the Company, we understand that the authorization to Enforcement Directorate to search was issued in the name of "Shravan Gupta, Emaar MGF Business Park, Mehrauli-Gurgaon Road, Sikanderpur Chowk, Sector 28, Gurgaon". Accordingly, the search was directed towards the former Managing Director of the Company (Mr. Shravan Gupta, who is no longer associated with the management or Board of the Company). As these proceedings are believed to be directed against the former managing director of the Company and no notices, charges or accusations were issued, or expected to be issued, against the Company, its directors or officers, the Company does not consider this matter to be material.
- 13) During the year, National Anti-Profitteering Authority ('NAA') passed orders alleging that the Company had undertaken profiteering activities on two projects, namely, Emerald Estate and Emerald Hills amounting to Rs. 133.57 million and Rs. 192.30 million respectively and therefore is liable to pass on such amount to its flat buyers together with interest thereon. The matter was contested on multiple grounds before the NAA including but not limited to, inconsistencies in calculation of profiteering by Director General of Anti-profiteering ('DGAP'), non-consideration of actual benefit passed on to customers etc. but was rejected by NAA. The Company has already passed benefit of Rs. 75.11 million and Rs 110.42 million to various flats buyers in Emerald Estate and Emerald Hills respectively, however the fact was rejected by NAA while passing the above orders. Further, NAA has directed the DGAP to investigate the issue of passing on the benefit of additional input tax credit in respect of 24 other projects of the Company. The Company is in the process of filing a writ petition against this said order before the Hon'ble High Court and is hopeful of a favorable outcome based on the legal advice.
- 14) Effective 01 April 2019, the Company adopted Ind AS – 116 'Leases' applied to all contracts having lease components existing on 01 April 2019 using the modified retrospective method. Accordingly, the Company has not restated comparative information. The Company has measured the lease liabilities at present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and right of use assets is measured at an amount equal to lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. On date of initial application, the adoption of new standard resulted in recognition of right of use asset of Rs. 154.47 million and a lease liabilities of Rs. 168.77 million. The effect of this adoption is insignificant on the loss for the year and earnings per share.
- 15) During the year ended 31 March 2020, the Company has allotted 39,062,500 number of equity shares to "The Address Dubai Marina, Dubai" pursuant to early conversion of compulsorily convertible debentures.
- Further, subsequent to the close of the financial year, the Board of Directors of the Company had approved Right Issue of 130,324,485 equity shares of Rs. 10 each at a premium of Rs. 1 per share, for an amount aggregating to Rs. 1,433,569,335 to the existing equity shareholders of the Company, in the proportion of 1 (One) equity share for every 1 (One) equity share held by them. Pursuant to the same, the Company has allotted [39,062,500] equity shares of Rs. 10 per share at a premium of Rs. 1 per share for an amount aggregating to [Rs. 429,687,500].
- 16) The Company has made an internal assessment of the possible utilization of the Goods and Services Tax ('GST') Input Tax Credit lying in its books of accounts as at 31 March 2020 and based on the said assessment, the Company may not be able to fully utilise its GST input tax credit. Hence, as an abundant caution, the Company has recorded a provision of Rs. 526.52 million in its books of accounts.
- 17) The figures for the half year ended 31 March 2020 and 31 March 2019 are the balancing figures between audited figures in respect of full financial year ended 31 March 2020 and 31 March 2019 respectively and the unaudited published year to date figures up to 30 September 2019 and 30 September 2018 respectively, being the end of the first half year of the respective financial years, which were subjected to a Limited Review.



- 18) The financial results are prepared in accordance with the recognition and measurement principles of Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013.
- 19) Previous period/year numbers have been regrouped/reclassified wherever considered necessary.

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

Sd/-
Hadi Mohd Taher Badri
Director

Sd/-
Ajay Munot
Chief Executive Officer

Sd/-
Sumil Mathur
Chief Financial Officer

Place: Gurugram
Date: 29 July 2020

Sd/-
Bharat Bhushan Garg
Company Secretary



Annexure – I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Standalone

Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. million)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. million)
	1.	Turnover/Total income	34,552.56	34,552.57
	2.	Total Expenditure	39,593.54	39,593.55
	3.	Net loss before other comprehensive income	(1,530.54)	(1,530.54)
	4.	Earnings Per Share (Basic and diluted)	(13.21)	(13.21)
	5.	Total Assets	108,974.75	108,974.75
	6.	Total Liabilities	142,987.32	142,987.32
	7.	Net Worth	(34,012.57)	(34,012.57)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
a.	Details of Audit Qualification: As described in note 3 to the accompanying Statement which describes the petition filed by Emaar Holding II, shareholder and promoter of the Company under Section 241 of the Companies Act, 2013 seeking relief against former shareholder, managing director, director and their connected entities (collectively referred to as 'MGF Group') where the Company has also been named as a respondent party. Under this petition, Emaar Holding II has, inter-alia, prayed to direct MGF Group to compensate the Company and Emaar Holding II to the extent of loss caused due to their certain acts and transactions that occurred between the years from 2006 to 2016, along with interest, from the date of respective loss. Pending adjudication of the matter, the management is of the view that the impact of such alleged acts and transactions on the accompanying Statement is presently unascertainable and hence, in absence of such information, we are unable to comment on the impact, if any, of such alleged acts and transactions on the accompanying Statement.			
b.	Type of Audit Qualification : Qualified Opinion			
c.	Frequency of qualification: Qualification included for the first time during the year ended 31 March 2020			
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA			
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification: NA			



	<p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>On 19 November 2019, Emaar Holding II, shareholder & promoter of the Company, filed a petition under Section 241 of the Companies Act, 2013, before the Hon'ble National Company Law Tribunal ('NCLT'), New Delhi, seeking relief against MGF Developments Limited, Mr. Shravan Gupta, Ms. Shilpa Gupta and its connected entities (MGF Group). Emaar Holding II has, inter-alia, prayed to direct MGF Group to compensate the Company and Emaar Holding II to the extent of loss caused due to their certain acts and transactions along with interest, from the date of respective loss. MGF Group had also filed its reply and thereafter both parties have filed rejoinders. The Company has also filed criminal complaints against MGF and its associates, in respect of certain matters referred to in Section 241 petition filed by Emaar Holding II. As the matters are in initial stage or currently sub-judice, any impact of the same on the financial results is not ascertainable at this stage.</p>
	<p>(iii) Auditors' Comments on (ii) above:</p> <p>Included in Details of auditor's qualification above.</p>

For and on behalf of Board of Directors

Sd/-
Ajay Munot
Chief Executive Officer

Sd/-
Sumil Mathur
Chief Financial Officer

Sd/-
Jason Ashok Kothari
Chairman Audit Committee

Place: Gurugram
Date: 29 July 2020

Place: Gurugram
Date: 29 July 2020

Place: Gurugram
Date: 29 July 2020

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Agrawal
Partner
Membership No. 507000

Place: Ghaziabad
Date: 29 July 2020