R. C. Jain & Associates LLP

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Independent auditors report
To the members of D. S. Kulkarni Developers Limited

1. Report on the audit of standalone Ind AS financial statements

We were engaged to audit the accompanying standalone Ind AS financial statements of D. S. Kulkarni Developers Limited (the Company), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

2. Management's responsibility for the standalone Ind AS financial statements

D. S. Kulkarni Developers Limited is under Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code (the Code). Its affairs, business and assets are being managed by the Resolution Professional appointed by the Hon'ble NCLT Mumbai vide its Order dated 26th September 2019 under the provisions of the Code as Interim Resolution Professional and subsequently as per section 22 of the Code as Resolution Professional of D. S. Kulkarni Developers Limited. The matter against the Corporate Insolvency Resolution Process is pending for admission before the Hon'ble NCLT vide CP 1633/2019. Under provisions of section 17 of the Code, the powers of Board of Directors of D. S. Kulkarni Developers Limited are currently under suspension and the same are being exercised by the Resolution Professional of D. S. Kulkarni Developers Limited.

In view of ongoing Corporate Insolvency Resolution Process, the Resolution Professional is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 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. Under section 20 of Code, it is incumbent upon Resolution Professional to manage the operations of the Company as a going concern and the financial statements have been prepared on going concern basis.
The written representations with regard to these financial statements provided to us during the course of our audit, have been signed by the Resolution Professional appointed by the Hon'ble NCLT Mumbai vide its Order dated 26th September, 2019.

3. Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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.

The Financial Statements provided to us for review have been signed only by the RP. Section 134(1) of the Companies Act, 2013 requires such signature to be undertaken by (a)the chairperson of the company where he is authorized by the board, or by two directors out of which one shall be managing director; and (b) the chief executive officer, the Chief Financial officer and the. Company Secretary, wherever they are appointed. Since the CIRP has been initiated, the RP, pursuant to his appointment, has been vested with the management of the Company and the powers of the board of directors of the Company stand suspended. Therefore, the Financial Statements have been signed by the RP alone. Though the powers of the Board of directors are Suspended, none of such directors of the Company were available/ agreeable to sign the said Financial Statements.

The positions of Chief Financial Officer and Company Secretary of the Company, as on the date of Signing of the Financial Statements, were vacant. We understand that the office of the Chief Finance Officer and the Company Secretary of the Company is vacant before the start of the year under audit. The Company has not appointed such key managerial personnel as required under section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointments and Remuneration of Managerial Personnel) Rules, 2014. As such, the Financial Statements may suffer from issues of accuracy, veracity, sufficiency, completeness and reliability, as none of the key managerial personnel of the Company other than RP has signed the Financial Statements.

For the purpose of this audit review, we have relied upon the Financial Statements provided to us by the RP. It is observed that the RP has inserted a note as part of notes to accounts, set out in Note 2.32 of financial statements, as per which he has assumed that the data/information provided by the officials of the Company and the records of the Company made available to him are in conformity with the applicable laws and present a true and fair view of the position of the Company and has not personally verified such information; and that he should be absolved from the accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company based on which the Financial Statements of the Company have been prepared. As per the said note, the RP has signed the financial statements only to facilitate the CIRP process without any liability of the same. To the extent to

which the RP has disclaimed his liability with respect to accuracy, veracity, and sufficiency or completeness of information provided to him by the officials of the Company, the Financial Statements may suffer from issues of accuracy, veracity, sufficiency, completeness or reliability. Relevant observations upon the extent of veracity of the Financial Statements have been made in the below paragraphs.

Our objectives are:

a. to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error
b. to issue an auditors' 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 the 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 the users taken on the basis of these financial statements.

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

a. identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
b. obtained 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in plakhe and the operating effectiveness of such controls
c. evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
d. considered the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, we concluded that a material uncertainty does exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Hence, we drew attention in our auditor's report to the related disclosures in the financial statements. 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 entity to cease to continue as a going concern or vice versa.
e. evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
f. communicated 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 identified during our audit.

Because of the matters described in the Basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

4. Basis for disclaimer of opinion

(i) In view of irregularities and suspected fraudulent transactions and defaults under 'Insolvency Bankruptcy Code 2016', the Company is under 'Corporate Insolvency Resolution Process'. As at the date of this report, we are not in receipt of any litigation/investigation reports conducted by investigative authorities.

(ii) In view of the fact that matters relating to abovementioned financial irregularities are sub-judice and litigations/investigations by respective authorities are yet to be completed, we are unable comment on the consequential impact, if any, on the financial statements of the outcome of such litigations/investigations / enquiry by law enforcement agencies and outcome of related litigation and claims.

(iii) In view of the ongoing Corporate Insolvency Resolution Process, the outcome of which cannot be presently ascertained on the matters listed below, we are unable to comment whether the Company will be able to continue as a going concern. Consequently, we are unable to comment as to whether the going concern basis for preparation of these financial statements taken by the Company is appropriate.

(iv) There are proceedings going on against the company under various laws such as The Maharashtra Protection of Interest of Depositors Act (MPID), Economic Offences Wing (EOW) – Pune, Insolvency and Bankruptcy Code, 2016 and other economic laws. Various agencies have moved against the Assessee Company and its directors, viz. Directorate of Enforcement (ED), Serious Fraud Investigation Office (SFIO) and other agencies. The original documents/agreements has been seized by ED and are not available for carrying out necessary audit.

(v) Other matters [including those listed in paragraph 4(iv) above], limitations with regard to availability of necessary audit evidences including original documents and information, satisfactory explanations and justifications required for audit for the years ended 31 March 2022. In view of the limitations and uncertainties involved, we had expressed our inability to express an opinion on the financial statements for the audited period. Our disclaimer of opinion on the financial statements is also because of the possible effects of the above matters on the figures for the current year and on the corresponding figures for the year ended 31 March 2021.

(vi) We are unable to comment on the necessary adjustments / disclosures in these financial statements in relation to the following items, in view of non-availability of certain necessary information / documentation / satisfactory explanations relevant to the current year audit -

(a) Lack of reconciliation of consumables and spares consumed (included under purchases of stock in trade) with related sales; and

(b) Sale of few finished flats but not recognized due to non-availability of agreements for which the closing stock shall show and inflated cost value;

(c) Lease rental agreements for various land given on lease on which rental expenses are recognized for the current year, are not provided and hence without sufficient appropriate audit evidence we are unable to comment on accuracy of rental expenses so recognized;

(d) Employee details / Salary register on which salary expenses are recognized for the current year, are not provided and hence without sufficient appropriate audit evidence we are unable to comment on accuracy of employee cost so recognized;

(e) Bank statement/Interest statements of few Banks accounts/Fixed deposits taken from the banks, that were made available by the banking authorities have been accounted for, the rest were not completely made available by the banking authorities inspite of many representations;

(f) Debenture statements and Loan statements from few banks based on which interest expenses have been recognized were not made available, for which we have taken the base of previous year in case of Non-Convertible debentures.

(g) Statutory liabilities due as at 31st March' 2022 are verified based on the tally data maintained and provided by the management. Various representations to Government authorities for the login credentials or data available of the said company have been made, based on which the said recognition shall be verified for its accuracy but the same was not available;

(h) Ledger confirmations from various parties which were available has been verified and accounted for; the rest including related parties had not been made available based on which inter balances shall be verified;

(i) Original documents / agreements were not made available in most cases and hence we had to carry out our audit procedures on the tally data provided and management representations. As explained to us by the management, all the original documents had been seized by Directorate of Enforcement (ED).

(j) Report from EOW for its investigation done and report of forensic audit conducted have not been provided to us based on which our opinion shall have a material impact.

(vii) Attention is drawn to Note 7 of the financial statements i.e. unsecured loans to related parties where provision has been made for bad and doubtful debts of Rs. 4,173.84 Lakhs, out of Rs. 6,959.68 Lakhs which are loans given to subsidiary company, M/s. DSK Developers Corporation. Out of total 4,173.84 lakhs, Rs. 229 Lakhs is doubtful Interest component. The basis of the provision of doubtful debts is not provided to us.

(viii) As part of the Corporate Insolvency Resolution Process, the Company has received certain claims aggregating to Rs. 2,79,561 lakhs till 27th March 2020 from certain vendors and customers. As informed to us by the management, the Company has terminated most of the contracts with the said customers / vendors.

(ix) Attention is invited to note 9 of the financial statements wherein it is stated that Inventory is not physically verified. We have relied on management for the figures provided in respect of inventory. Current year changes in Work in Progress are not supported by any evidences except the data entered by the management. Accordingly, we are unable to comment on the impact of the above on the financial statements.

(x) Trade receivables include receivables of Rs. 83 lakhs in respect of related party (Nikhil Kulkarni & Co.) for the purpose of sale of assets which is outstanding since March 2016. It also includes Vat receivable from Flat holders of Rs. 219 Lakhs since long which is not backed by any evidences.

(xi) Attention is invited to note 6 of financial statements wherein Long-term investment in equity instruments of subsidiaries amounts to Rs. 200 lakhs. The total amount of investment in subsidiary companies amounting to Rs. 1909.73 lakhs has been provided for diminution of investments in previous years itself which has not been backed by the explanation and hence, we are unable to comment on the completeness, existence and accuracy of this amount.

(xii) The Company needs to strengthen its internal control systems, in particular its IT controls and those relating to existence of contract work-in-progress; reconciliation of consumables and spares consumed with related sales; accounts receivables including periodic reconciliations with customers, age wise analysis and application of receipts from customers; physical verification of inventories; accounts payables including vendor selection process and periodic reconciliations with vendors; classification of costs relating to items of purchase of traded goods including costs incurred towards warranty and certain contract expenses; and disposal of property, plant and equipment. We are unable to determine consequential impact, if any, of these aforesaid weaknesses on these financial statements.

(xiii) Attention is drawn to the Note 12 of the Financial Statements wherein the advances made to the relatives and third parties are doubtful in nature. The same has been recorded based on the accounting and books maintained by the management.

(xiv) Attention is invited to Note 16 of financial statements wherein various Project Loans, Corporate Loans, Vehicle Loans and other loans have been verified by the statements as much were provided to us by the management. Since the statements for Debentures loans were not available or provided to us, the amount outstanding has been derived by recording the similar amount of accrued interest expense as that of previous year.

(xv) As per the provisions of Sec 124 of the Companies Act, 2013, post the transfer of dividend declared to an unpaid dividend account, if still remains unpaid for a period of 7 years from the date of such transfer shall then be transferred to Investor Education and Protection Fund and the company shall send a statement of the details of such transfer to the authority which administers the said Fund. Attention is invited to Note 22 of financial statement wherein the unclaimed dividend outstanding in the books of company comprises from the FY 2009-10 till FY 2014-15.

(xvi) Various representations and reminders have been made to government authorities for the login credentials or the data available with themselves pertaining to the Company. Since the required data was not available to us, the statutory compliances and dues outstanding have not been verified to its accuracy. We are unable to determine consequential impact, if any, of these aforesaid weaknesses on these financial statements. Whereas the dues accounted for the period from 1st April 2021 to 31st March' 2022 has been duly verified. The dues recorded were fully paid to the government upto the date of Financials

(xvii) Contingent Liabilities disclosed under Note 24 have been continued to be similar as that of previous year. In addition to the same, Cenvat Credit availed in non-current assets and income tax dues as extracted from the claims made by the authority has been disclosed as a contingent liability as there is a contingency and estimated value needs to be recorded.

(xviii) The Company has not complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that are as follows:

(a) Failed to file its financial results for the period ended 30 September 2017 and subsequent periods till date. The financials results have been filed from the quarter Dec' 2020.
(b) Governance reports have been submitted latest till Dec' 17.
(c) Annual reports have been timely submitted upto FY 2015-16 and thereafter submitted upto 31st march, 2021.

Consequently, we are unable to comment on the impact, if any, of this non-compliance on the financial statements.

In view of our observations in paras 4(i) to 4(xv) above, we are unable to determine the adjustments, that are necessary in respect of the Company's assets, liabilities as on balance sheet date, income and expenses for the year, the elements making up the statement of changes in equity and cash flow statement and related presentation and disclosures in the financial statements.

5. Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the standalone financial statements.

Material uncertainty related to "going concern"

We invite attention to 'Annexure A' to our report which expatiates the facts and circumstances that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Having regard to the totality of the facts and circumstances stated in the said Annexure, it is our considered opinion that the Company will be able to continue as a going concern only if it is able to raise funds for payment of staff salaries, payment of statutory liabilities and for servicing its debts on the due date and if it is able to comply with the provisions of the Real Estate Regulation Act, 2016. Our opinion about the financial statements for the year under review 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 financial statements of the current year. These matters were addressed in the context of our

audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters listed in 'Annexure B' to this report have been communicated to the management and discussed with the management.

6. Report on other legal and regulatory requirements

(i) 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 and except for the effects, if any, of the matters described in the basis for disclaimer of opinion paragraph, we enclose in the "Annexure C", a statement on the matters specified in paragraphs 3 and 4 of the Order.

(ii) As required by Section 143(3) of the Act, we report that:

(a) described in the basis for disclaimer of opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) due to the possible effects of the matters described in the basis for disclaimer of opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account as maintained;

(d) due to the effect of the related matters described in the basis for disclaimer of opinion paragraph, we state as below-

(i) the financial statements do not comply with IND AS 8, IND AS 16, IND AS 17 and IND AS 113 as specified under Section 133 of the Act;

(ii) we are unable to state whether the financial statements comply with the Indian Accounting Standards (other than those referred to in paragraph 6(ii)(d)(i) above) specified under Section 133 of the Act;

(e) the matters described in the basis for disclaimer of opinion paragraph above may have an adverse effect on the functioning of the Company;

(f) the basis of written representations to be received from the directors as on 31 March 2022, and taken on record by the Board of Directors that none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act except that the then Managing Director (no longer with the Company), has not provided such representation to the Company. Accordingly, we are unable to comment as to whether the aforesaid individual was disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) the reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for disclaimer of opinion paragraph above;

(h) 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 D', and

(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, in our opinion and to the best of our information and according to the explanations given to us:

i. view of the related matters described in paragraph 4, basis for disclaimer of opinion, we are unable to state whether note 23 to the standalone financial statements discloses the complete impact of pending litigations on the financial position in the standalone financial statements of the Company;

ii. view of the related matters described in paragraph 4, basis for disclaimer of opinion, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts (the Company does not have any derivative contracts); and

iii. there has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For R C Jain & Associates LLP
Chartered Accountants
FRN: 103952W/W100156

R. C. JAIN & ASSOCIATES LLP M. No. 115080

Meera Joisher
(Partner)
Membership No. 115080
Date: 24th May, 2022
UDIN: 22115080AJMGIB5203
Place of Signature : Mumbai

Independent Auditors' Report of Even Date
To the Members of D. S. Kulkarni Developers Ltd.

On standalone Ind AS financial statements
Annexure A - Material uncertainty related to "going concern"

The Directors' Responsibility Statement in the Board's Report states that the accounts have been prepared on a "going concern" basis. However, whether the Company is a "going concern" as at the balance sheet date is a question of opinion which must be answered having regard to the totality of the facts and circumstances of the case. Accordingly, we state below the facts and circumstances which may have a material impact on this issue.

A. Financial facts & circumstances

1. Default in repayment of instalments of loans obtained from banks & financial institutions and in payment of interest on such loans:

During the year under review, the Company has been generally unable to service the loans obtained from banks & financial institutions in accordance with the contractual terms contained in the sanction letters issued by such banks & financial institutions i.e. the Company has been generally unable to repay instalments and pay interest on the due date. We wrote a letter to each bank / financial institution in order to obtain information about delay in payment of interest & repayment of loan instalment, status of the account as at the balance sheet date & the overdue instalments / interest as at the balance sheet date. The amount of overdue instalments / interest as stated in the Annexure C to the statutory audit report is derived from the replies we received from the banks / financial institutions, if any, or, in the absence of such replies, from the information available in the Company's records.

2. Default in repayment of fixed deposits obtained from the public and in payment of interest thereon:

The Company has defaulted in repayment of fixed deposits and in payment of interest thereon. Please refer Para (v) of Annexure C to our statutory audit report for details.

3. Default in payment of statutory dues on account of tax deducted at source, self-assessment tax, Maharashtra Value-added tax, service tax, employees' provident fund dues etc.:

The Company filed its return of income under the Income Tax Act for Assessment Year 2016-17 (FY 2015-16) on 30/11/2016. As per the said return, an amount of Rs.1251.68 lacs are payable by the Company on account of self-assessment tax and interest. However, till the date of this report the Company has paid Rs. 45 lacs only and the balance Rs.1206.68 lacs are still unpaid. The Income Tax Department has treated the said return as invalid u/s 139(9) of the Income-tax Act, 1961, on the ground that self-assessment tax has not been paid and has asked the Company to show cause why prosecution should not be initiated for such default.

The Company has not paid as required by law the tax deducted at source for the previous years except for the year under review under various sections of the Income Tax Act, 1961.

The Company has also not paid as required by law the amounts payable on account of service tax, employees' provident fund dues, ESIC dues, employees' profession tax, Maharashtra Value added tax, and contribution to gratuity fund managed by LIC.
The details of these statutory liabilities are stated in Annexure C to our statutory audit report.

4. **Dishonour of cheques issued by the Company and consequent criminal cases against the Company under Section 138 of the Negotiable Instruments Act**

Based on the information available from previous year, we are informed that during the previous year under review, 1,220 cheques issued by the Company were returned unpaid for want of adequate balance in the Company's accounts. The aggregate amount of such cheques is Rs.70.14 crores. Out of the 1220 cases of dishonour, complaints u/s 138, NIA 1938 were filed in 51 cases of which the aggregate amount is Rs.11.41 crores. The Company subsequently paid Rs. 21.04 crores against some dishonoured cheques before or after filing of complaints.

5. **Rejection of dividend proposed by the Board of Directors for FY 2015-16 at the Company's Annual General Meeting:**

When the Company's financial statements for FY 2015-16 were finalized in May 2016, the Board of Directors recommended to the Annual General Meeting to be held in September 2016 that a dividend of Re. 1.25 per share be paid to the holders of the Company's equity shares. The total outflow on account of dividend and additional tax thereon would have been Rs. 388.17 lakhs. However, the resolution at the Company's Annual General Meeting held on 29/09/2016 was not passed and the proposed dividend was not declared.

6. **Delay in payment of salaries to staff:**

As at the date of this report, the Company has been unable to pay some of its staff for full year in addition to four months of previous year. The unpaid employee remuneration as at the balance sheet date is Rs. 557.67 lakhs.

B. Other facts & circumstances

7. **Resignation of staff and delay in appointment of replacements:**

According to the statistics provided by the HR Department for previous year, the Company had 514 employees on 01/04/2016. During the FY 2016-17, 259 employees resigned whereas only 54 new employees joined the Company. Consequently, the Company had 309 employees as at 31/03/2017. No new data of the current employees available to us.

8. **Progress of incomplete construction projects**

Relying on the management representations, the construction activity in all the major construction sites in and around Pune had slowed down considerably.

9. Rating by credit rating agency

The credit rating of the Company has been down-graded by CARE from BBB+ to D in respect of long-term bank facilities and to C Negative in respect of Fixed Deposit Programme and to C Negative in respect of non-convertible debentures as per their communications dated 22/03/2017.

10. Pending litigations

The Company and its promoters face and are likely to face litigations on account of dishonour of cheques and defaults in payment of statutory dues, fixed deposits, bank loans and generally dues payable to suppliers.

11. Non Maintenance of Records

The company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

12. No Documentary Evidence

No documentary evidence was provided as to the details of the periodicity and extent of physical verification of Fixed Assets carried out by the management. Accordingly, we are unable to comment whether there are any material discrepancies and on the manner in which they have been dealt with in the books of account.

13. No Evidence for Physical Verification

There is no evidence of physical verification by management of inventories available on record. Hence we are unable to comment on the reasonability of verification process and also on the discrepancies, if any. The land valuation report provided to us is for the year 2016 and it does not match with the workings provided to us regarding the area and value of land held as inventory.

Independent Auditors' Report of Even Date
To the Members of D. S. Kulkarni Developers Ltd.

On standalone Ind AS financial statements
Annexure B - Key Audit Matters

The following key audit matters are emphasized in order to interpret these financial statements

1. **Compliance with the provisions of the Real Estate Regulation Act, 2016**

   Government of India has enacted the Real Estate (Regulation and Development) Act 2016 and all the sections of the Act came into force with effect from May 1, 2017. Under this Act, Government of Maharashtra has established Maharashtra Real Estate Regulatory Authority (Maha RERA), vide Notification No. 23 dated 8th March 2017, for regulation and promotion of real estate sector in the State of Maharashtra. Consequently, Government of Maharashtra also promulgated the Maharashtra Real Estate (Regulation and Development) (Registration of Real Estate Projects, Registration of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017 and other Rules. The last date for registration of on-going projects under Real Estate Regulation Act was 31st July 2017. These changes in the regulatory environment applicable to real estate development companies are so radical that no such company can continue in business without complying with the new regulations.

2. **Commitments for DSK Dream City Project & Other Projects**

   The Company has made commitments in respect of its on-going projects. The Company's success will depend upon its ability to raise funds for meeting these commitments.

3. **Requirements of Consolidated Financial Statements**

   The Company has been facing capacity issues due to loss of key employees while meeting the need for servicing information requirements and providing clarifications to multiple investigating agencies, providing information to enable the ongoing asset monetization and restructuring activities and meeting 'going concern' requirements. Further, financials statements from the respective subsidiaries have not been available to us. On further investigation, it was found that out of 4 subsidiaries being DSK Developers Corporation, DSK Woods LLC, DSK Southern Projects Pvt Ltd & DSK Infra Pvt Ltd, 2 domestic subsidiaries have complied with annual fillings with Registrar of Companies upto 31st March 2016. In view of the above, the Financial Statements of the subsidiaries have not been available or shall not be available before the Annual General meeting of the Company. **Accordingly, the Company is unable to provide its Consolidated Financial Statement and salient features of the Financial Statements of the Company's Subsidiaries and Joint Ventures in Form AOC-1** as required under Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

4. Advances given to unrelated parties

During the year 2017-18, the Company has given advances aggregating to Rs. 0.38 lakhs to unrelated parties for the purpose of construction & development of real estate projects. However, by the balance sheet date the said parties had not raised invoices for the work performed by them.

5. Default committed by DSK Global Education & Research Ltd. (DSKGER)

The Company is surety for the loan advanced by Central Bank of India (CBI) to DSKGER. The said guarantee was given when DSKGER was a subsidiary of the Company and it continued even after DSKGER ceased to be a subsidiary. The said contingent liability appears in Note 24 to the financial statements. On 12/04/2017, CBI has issued a notice to DSKGER u/s 13(2) of the Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002, for payment of the amount outstanding on 11/04/2017 i.e Rs. 8200.39 lacs within 60 days from the date of receipt of notice which remains unpaid till date.

6. Possible contractual liability

The Company is unable to reasonably quantify the possible liability that may arise due to non-performance of the terms of contracts between the Company and its customers & suppliers.

7. Transaction Audit Report

The transaction Audit has been conducted by the Transaction auditor i.e. M/s. BDO India LLP, as per the provisions of Insolvency & Bankruptcy Code, 2016, involving an amount of Rs. 450.30 crores.
A miscellaneous application, based on the said report have been filed with the Hon'ble NCLT, Mumbai Bench on 18.11.2020 for further directions.

Independent Auditors' Report
To the Members of D. S. Kulkarni Developers Ltd.

On standalone Ind AS financial statements

Annexure C Referred to in Paragraph (i) under the heading "Report on other legal and regulatory requirements" of Our Report of Even Date

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of section 143(11) of Companies Act, 2013, we enclose, on the basis of our opinion, our examination on the relevant records and according to the information and explanation given to us, in the "Annexure C" a statement on the matters specified in Paragraph 3 & 4 of the said Order.

(i) Property, Plant and Equipment

a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets during the financial year under review.

b) The Resolution Professional has physically verified all the fixed assets during the financial year 2021-22 for the Valuation of Assets under the Insolvency and Bankruptcy Code, 2016. As informed to us, material discrepancies were noticed on such verification and the same have been dealt with in the books of account.

c) As per the information and explanations given to us, the title deeds of immovable properties owned by the Company whether held in the name of the company or not is uncertain since the same has been sealed by the ED.

(ii) Inventory

The Resolution Professional appointed by the NCLT order has done Physical Verification of inventory during Corporate Insolvency Resolution Process. The projects for which they are not aware about its presence, are being carried forward in the books as Work in Progress.

(iii) Loan granted to related parties

a) Except for the effects of the matters described in the basis of disclaimer of opinion paragraph 4 of our main report, the Company has not granted any fresh loans, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 189 of the Act. The amount of loan granted in previous stand to be outstanding till the balance sheet date as follows:

Number of parties	Amount of loans given	
	Balances ('Lacs)	
	31-03-2022	31-03-2021
Two	11,525.45	12,249.08

b) The rate of interest and other terms and conditions of loans, secured or unsecured, granted by the Company, are not, prima facie, prejudicial to the interest of the Company;

c) In respect of the loans, secured or unsecured, given by the Company, the terms of repayments of the principal amount and the payments of the interest have not been stipulated. Hence whether the repayment is overdue or not cannot be decided. **However, the Company had made provision of Rs. 4,713.84 Lacs in the previous years for loans whose recovery may be doubtful.**

(iv) Compliance with section 185 & 186

a) The Company has not made investments, granted loans, offered guarantee and security in compliance with the provisions of Section 185 & Section 186 of CA, 2013. The limit prescribed under the Companies Act, 2013 for granting loans has been exceeded thereby violating the provisions of the Act.

b) The Company has obtained an opinion from a professional stating that provisions of Section 185 of the Companies Act 2013 are not attracted in the matter of giving a guarantee to the bank which has advanced a loan to one of the related parties viz. D.S. Kulkarni & Co.

(v) Deposits

As at 31st March 2021 the Company had outstanding deposits of Rs. 27.37 Lakhs. During the FY 2021-22 and up to the date of this report, no. of depositors have not been increased also the amount of deposit accepted have remained unchanged. However, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

(vi) Cost Records

The company has not maintained the cost as required by the Companies (Cost Record & Audit) Rules, 2014 prescribed by the Central Government u/s 148(1) of the Act. The Company has also appointed a cost auditor. The last date for completion of cost audit is 28/09/2017.

(vii) Payment of statutory dues

a) There have been instances of delay in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, TDS, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it.

The details regarding payment of statutory dues are as follows:	**Rs. in Lacs**	
Particulars	**Total dues as on 31/03/2022**	**Dues for more than 6 months as on 31/03/2022**

1. Tax deducted / collected at source	1315.80	1315.80
2. Service Tax	289.17	289.17
3. Gratuity	216.34	216.34
4. Leave Encashment	63.94	63.94
5. Maharashtra Value-added tax	470.16	470.16
6. Provident Fund	87.37	87.37
7. Employees' State Insurance	11.23	11.23
8. Profession Tax	3.90	3.90
9. Goods and Service Tax	24.70	22.41

b) There are no disputed amounts outstanding in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it as at the last day of the Financial year. The disputed amounts in respect of income tax are as follows:

Forum where dispute is pending	Assessment Year	As at 31st March' 22 (Rs. in Lakhs)	As at 31st March' 21 (Rs. in Lakhs)
1. High Court of Judicature, Mumbai	2004-05	67.25	67.25
2. High Court of Judicature, Mumbai	2005-06	152.02	152.02
3. High Court of Judicature, Mumbai	2006-07	311.45	311.45
4. High Court of Judicature, Mumbai	2007-08	418.80	418.80
5. High Court of Judicature, Mumbai	2008-09	116.00	116.00
6. High Court of Judicature, Mumbai	2009-10	156.93	156.93
7. High Court of Judicature, Mumbai	2010-11	99.95	99.95
8. High Court of Judicature, Mumbai	2011-12	35.47	35.47
9. High Court of Judicature, Mumbai	2012-13	36.15	36.15

The ITAT Pune decided the Company's appeals for AY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13 in favour of the Company. However, the Dept has filed a reference with the High Court of Judicature at Mumbai.

c) During the year under review, the Company has not transferred any to the Investor Education and Protection Fund in accordance with the provisions of section 124(5) the Companies Act, 2013 and Rule 4 of the Companies (Declaration & Payment of Dividend) Rules 2014, made thereunder. The unpaid dividend remains outstanding in the books from FY 2009-10.

(viii) Default in repayment of bank loan

a) The Company has defaulted in repayment of dues to debenture holders as on the balance sheet date and as on the date of this report. The Company has also delayed repayment of dues to financial institutions and banks during the year. The details of overdue interest and overdue principal of the Company's borrowings are as follows:

Bank / Financial Institution	Amount overdue as on 31/3/22	
	Interest (Rs. in Lakhs)	Principal (Rs. in Lakhs)
1. ICICI Housing Finance Co	441.19	8,944.5
2. State Bank of India	21.19	12,579.81
3. Syndicate Bank	809.24	7,667.00
4. Union Bank of India	2,804.99	6,292.86
5. Bank of Maharashtra	458.28	6,292.00
6. IDBI Bank	1755.90	4,723.66
7. India Bulls Housing Finance	823.91	5,666.35
8. Vijaya Bank	0.00	2,131.45
9. Sangli Urban Cooperative Bank Ltd.	0.00	205.69
10. The Kalyan Janata Sahakari Bank	140.35	1,336.72
11. Tata Capital Housing Finance Ltd	94.48	713.53
12. Bajaj Finance Ltd	202.13	1,403.31
13. Aditya Birla Finance Ltd	176.82	936.47
14. STCI Finance Ltd	219.48	2386.84
15. HDFC Bank Ltd.	0.02	1.25
16. Toyota Financial Services	0.43	7.07
17. Kotak Mahindra Prime Ltd.	0.00	0.58

(ix) Application of proceeds of term loans / public offer

The company has applied the term loans obtained during the year towards the purpose for which the loans were obtained. During the year under review, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) Fraud

No material fraud on or by the Company has been noticed or reported during the financial year under review.

(xi) Managerial remuneration

The Company has not paid or provided managerial remuneration during the year. Hence the contents of paragraph 3(xi) of CARO, 2016 are not applicable to the Company.

(xii) Nidhi Company

The contents of Paragraph 3(xii) of CARO, 2016 are not applicable since the Company is not a Nidhi Company.

(xiii) Related party transactions & compliance with S.177 & 188

For want of complete records, we are unable to comment about the transactions with related parties and to express our opinion whether these transactions are in compliance with Sections 177 & 188 of the Companies Act, 2013 and the available details thereof have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) Preferential allotment / private placement of shares or convertible debentures & compliance with S 42

According to the information and explanations given to us, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.

(xv) Non-cash transactions with directors etc. & compliance with S.192

Except for the effects of the matters described in the basis of the disclaimer of opinion paragraph of the main report, according to the information available as at present and explanations given to us and based on our examination of the records of the Company , the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) Compliance with S.45IA of RBI Act

The contents of paragraph 3(xvi) of CARO, 2016 are not applicable since the company is not required to register itself with RBI under section 45IA of the RBI Act.

For R C Jain & Associates LLP
Chartered Accountants
FRN: 103952W/W100156

Meera Joisher
(Partner)
Membership No. 115080
Date: 24th May, 2022
UDIN: 22115080AJMGIB5203
Place of Signature : Mumbai

Independent Auditors' Report
To the Members of D. S. Kulkarni Developers Ltd.

On standalone Ind AS financial statements

Annexure D Referred to in Paragraph (b)(vi) under the heading "Report on other legal and regulatory requirements" of Our Report of Even Date

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 over financial reporting of D. S. Kulkarni Developers Ltd. ("the Company") as of 31st March 2022 in conjunction with our audit of the standalone 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed 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 were 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 its 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 judgment, 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 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 that

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) 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

c) 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 generally operating effectively as at 31 March 2022, 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. **However, by the end of the year the efficacy of the IFC system was adversely affected because of resignation of staff responsible for operating the system and delay in appointment of suitable replacements.**

For R.C Jain & Associates LLP
Chartered Accountants
FRN: 103952W/W100156

Joisher

R. C. JAIN & ASSOCIATES LLP M. No. 115080

Meera Joisher
(Partner)
Membership No. 115080
Date: 24th May, 2022
UDIN: 22115080AGMGIB5203
Place of Signature : Mumbai Joisher