

HUBTOWN

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FORM 'A'

Format of covering letter of the annual audit report to be filed with the stock exchanges pursuant to Clause 31 (a) of the Listing Agreement

Sr. No.	Particulars	
1.	Name of the Company	Hubtown Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit Observation	Emphasis of Matter :
3.1		Notes '2 (III) (A) (ii) and (iii)' to the standalone financial statements and Notes '3 (III) (A) (ii) & (iii)' to the consolidated financial statements with regard to recognition of revenue for ongoing projects which is based upon estimated costs, as per the judgment of the management, which have been relied upon by the auditors, these being technical matters.
3.2		Note '4 footnote (c) to the standalone financial statements and Note '5 (footnote (c) to the consolidated financial statements with regard to non-creation of investments to the extent of 15 % of the value of redeemable debentures, which is required to be created and earmarked in the manner prescribed under Rule 18 (7) (c) of the Companies (Share Capital and Debentures) Rules, 2014 notified by the Ministry of Corporate Affairs.
3.3		Footnote to Note '17' to the standalone financial statements and footnote to Note '18' to the consolidated financial statements regarding the status of the projects and the opinion framed by the Company regarding realizable value of the cost incurred, which being a technical matter, is relied upon by the auditors.
3.4		With reference to the consolidated financial statements regarding the investments and loans and advances made by the Company in certain associates and jointly controlled entities which have incurred losses and also have negative networth as at March 31, 2015. As explained to the Auditors, investments in these entities are considered strategic and long term in nature, and the entities are in early stage of real estate development or have certain investments, or are in the process of acquiring investments/projects which in the opinion of the Company, have current market values of properties and assets significantly in excess of their carrying values and are expected to achieve adequate profitability on substantial completion of their projects or sale of investments. Considering the above, the Company has not provided for diminution in the value of its investments in such entities or in respect of loans and advances to such entities, which are considered good and fully recoverable.
3.5		Note '20 (footnote a)' to the standalone financial statements and Note '21 (footnote a)' to the consolidated financial statements with regard to reversal of revenue from sale of properties/FSI in earlier years/periods.



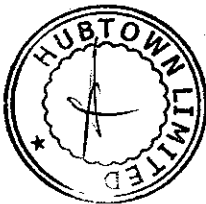
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3.6	Note '27 (footnote)' to the consolidated financial statements with regard to change in the estimated useful life of the immovable assets.
3.7	Note '32(B)' to the standalone financial statements and Note '34 (B)' to the consolidated financial statements regarding guarantees issued and securities provided aggregating ₹ 47,280.82 lacs on standalone basis and ₹ 22,785.25 lacs on consolidated basis by the Company to banks and financial institutions on behalf of various entities, which are significant in relation to the profits for the year and the networth of the Company. In the opinion of the management, these are not expected to result on to any financial liability to the Company.
3.8	Note '32 (footnote b)' to the standalone financial statements and Note '34 (footnote b)' to the consolidated financial statements with regard to reliance placed by the Auditors on certification received from the management with regard to the disclosure of contingent liabilities given by the Company.
3.9	Note '39' to the standalone financial statements and Note '40' of the consolidated financial statements with regards to balances that are subject to confirmations, reconciliation and adjustments, if any.
3.10	With regard to standalone and consolidated financial statements, the Company has not charged interest on advances given to various group entities developing real estate project, in which the Company has a business interest.
3.11	Clause 'a' under 'Other matters' in the Auditors' Report on standalone financial statements wherein the Statement of Profit & Loss includes share of loss (net) from investments in partnership firms/joint ventures aggregating ₹ 20.02 lacs are based on the financial statements of the joint ventures / firms as audited by other auditors whose reports have been furnished to the auditors and which have been relied upon by the auditors. Further, the Statement of Profit and Loss of the Company includes share of loss (net) from investments in partnership firms / joint ventures aggregating ₹ 349 lacs are based on the financial statements of the joint ventures/ partnership firms as prepared by the management and presented to the auditors on which the auditors have relied.
3.12	Clause 'b' under 'Other matters' in the Auditors' Report on standalone financial statements regarding 'Note 12 (footnote c)' with respect to the Company's investments in certain subsidiaries, jointly controlled entities and associates as at March 31, 2015 which have incurred losses and have negative networth as at March 31, 2015.



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3.13	<p>Clause 'a' under 'Other Matters' in the Auditors' Report on the consolidated financial statements regarding the financial statements of two subsidiaries and ten joint ventures, not audited by the Auditors, which reflect total assets (net) of ₹ 23,786.36 lacs as at 31st March, 2015, total revenues of ₹ 6,064.96 lacs and net cash inflow of ₹ 148.93 lacs for the year ended on that date, as considered in the consolidated financial statements. The Auditors also did not audit the financial statements of three associates, whose aggregate share of net profit amounting to ₹ 0.33 lacs are also included in the consolidated financial statements. These financial statements are unaudited and have been furnished to the Auditors by the management and the Auditors' opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and the Auditors' Report in terms of sub-sections (3) and (11) of Section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements.</p>
3.14	<p>Clause 'b' under 'Other Matters' in the Auditors' Report on the consolidated financial statements regarding the financial statements of eleven subsidiaries and nine joint ventures, not audited by the Auditors, which reflect total assets (net) of ₹ 23,342.99 lacs as at March 31, 2015, total revenues of ₹ 5961.41 lacs and net cash inflows amounting to ₹ 198.90 lacs for the year then ended on that date, as considered in the consolidated financial statements. The Auditors also did not audit the financial statements of two associates whose aggregate share of net profit amounting to ₹ 118.28 lacs are also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to the Auditors by the management and the Auditors opinion on the consolidated financial statements in so fa as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and the and the Auditors' Report in terms of sub-sections (3) and (11) of Section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.</p>
3.15	<p>The Auditors' opinion is not qualified in respect of the aforesaid item nos. 3.1 to 3.14.</p>



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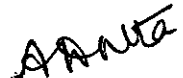


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4	<p>Frequency of observation</p> <p>Reported in Audit Reports for March 31, 2012 : 3.1 ; 3.9 ; 3.13 ; 3.14</p> <p>Reported in Audit Reports for March 31, 2013 : 3.1 ; 3.2 ; 3.3 ; 3.4 ; 3.7 ; 3.8 ; 3.11 ; 3.12 ; 3.13 ; 3.14</p> <p>Reported in March 31, 2014 : 3.1 ; 3.2 ; 3.3 ; 3.4 ; 3.6 ; 3.7 ; 3.8 ; 3.11 ; 3.12 ; 3.13 ; 3.14</p> <p>Reported in Audit Reports for March 31, 2015 for first time : 3.5 ; 3.10</p>

For Hubtown Limited

 Abhijit Datta Audit Committee Chairman	 Vyomesh M. Shah Managing Director	 Anil Ahluwalia Chief Financial Officer
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Statutory Auditors :

For Dalal Doshi & Associates
 Firm Registration No. 121773W
 Chartered Accountants

 Dinesh Doshi Partner		
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Date : May 30, 2015