



Independent Auditors Report

To,
**The Members of
Suraj Estate Developers Limited**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Suraj Estate Developers Limited** ('the Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 42 to the Consolidated Ind AS Financial Statements) which comprise the Consolidated Balance Sheet as at 31st March 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2024, and consolidated total comprehensive income (comprising of profit and other comprehensive Income/(loss)), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the year ended 31st March 2024. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements:





Independent Auditors Report (Contd.)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for real estate projects (as described in note 3.10 and 32 of the Consolidated Ind AS Financial Statement)	
<p>In accordance with the requirements of Ind AS 115 'Revenue from contract with customers', revenue from sale of residential units is recognised at a point in time or over a period of time based on the contract entered with the customers.</p> <p>Significant judgement is required in identifying the performance obligations and determining when 'control' of the residential units/commercial units is transferred to the customer.</p> <p>Further, the Group assesses various conditions included in the contract with customer to identify whether the Group has unconditional right to payment for performance to date or not. Based on this revenue is recognised at point in time or over time.</p> <p>Considering the above-mentioned factors, revenue recognition has been considered as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Read the Group's revenue recognition accounting policies and assessed compliance with Ind AS 115 'Revenue from contract with customers'. • Understood and evaluated the design and implementation and tested the operating effectiveness of the Group's internal financial controls over revenue recognition. • Read the legal opinion obtained by the Company in relation to the Group to determine the point in time at which the control is transferred and satisfaction of performance obligation in accordance with the underlying agreements; • Tested, revenue related transactions with the underlying customer contracts, sale deed and handover documents, evidencing the transfer of control of the asset to the customer based on which revenue is recognized; • Assessed the revenue related disclosures included in Note 32 to the Consolidated Ind AS Financial Statements in accordance with the requirements of Ind AS 115.
Assessing the carrying value of Inventory of construction work in progress, land, development rights and advances given for acquisition of projects (as described in note 10 and 17 to the Consolidated Ind AS Financial Statements)	
<ul style="list-style-type: none"> • The Group's inventory comprises construction work in progress of ongoing projects, land and development rights in the land and projects which are at initial stage of acquisition. These are stated at the lower of cost and NRV. As at 31st March 2024 the carrying value of inventories is ₹ 7,391.55 million. <p>NRV determination involves estimates based on prevailing market conditions, current prices, the estimated future selling price, cost to complete projects and selling costs.</p> <ul style="list-style-type: none"> • The Group has given ₹ 328.42 million in relation to acquisition of projects/ 	<p>Our audit procedures in relation to management's assessment of valuation of inventories at lower of cost and NRV includes following:</p> <ul style="list-style-type: none"> • Read and evaluated the accounting policies and disclosures made in the Consolidated Ind AS Financial Statements with respect to inventories; • Understood and reviewed the management's process and methodology of using key assumptions for determination of NRV of the inventories; • With respect to ongoing real estate projects, tested the NRV of the inventories to carrying value in books on sample basis; • In respect of real estate project (Construction work in progress) which are at initial preparatory stage [i.e. acquisition of land / development rights and incidental expenses], realization of the construction work in progress have been

