

S S KOTHARI MEHTA & CO

CHARTERED ACCOUNTANTS

146-148 Tribhuvan Complex
Ishwar Nagar
Mathura Road
New Delhi-110065
Phones : +91-11-4670 8888
Fax : +91-11-6662 8889
E-mail : delhi@sskmin.com

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
Shristi Udaipur Hotels & Resorts Private Limited
New Delhi

Report on the Financial Statements

We have audited the accompanying financial statements of **Shristi Udaipur Hotels & Resorts Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 and the Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the



accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these financial statements.

Basis for Qualified Opinion

Reference is invited to note no. 17 of the Financial Statements regarding the amount incurred so far on the project amounting to Rs. 2997 lacs including service tax recoverable being considered good and fully recoverable, pending certain clearances from various authorities and non-provision of the sub-lease rental amounting to Rs. 478.50 lacs for the reasons as explained in the said note. We cannot comment on the recoverability and non-provisioning of such amounts.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017 and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 issued by the Central government of India in the terms of Section 143 of the Companies Act 2013, we give in the "Annexure 1" a statement on the matters specified in Paragraph 3 & 4 of the order, to the extent applicable.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the balance sheet and the cash flow statement comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on functioning of the company.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



- (g) With respect to the adequacy of the Internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2".
- (h) 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 & 17 to the Financial Statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 22 to the financial statements.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Reg. No. 000786N

Yogesh K. Gupta

Partner

Membership No. 093214



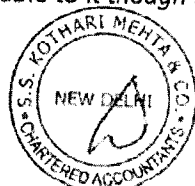
Place : NEW DELHI

Date : 22-05-2017

ANNEXURE 1 TO THE AUDITOR'S REPORT

(As referred in paragraph 'Report on Other Legal and Regulatory Requirements 'of our report to the members of **Shristi Udaipur Hotels & Resorts Private Limited** on the accounts for the year ended March 31, 2017)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the company during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of such verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) Company does not possess any immovable property hence the provision of clause 3 (i) (c) of the Order is not applicable to the company.
- (ii) The company does not hold any inventory. Hence, the provision of Clause 3 (ii) of the Order is not applicable to the company.
- (iii) As per the information and explanations provided to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year.
- (iv) As per the information and explanations provided to us, the company has not given any loans, investments, guarantees and security in terms of section 185 and 186 of the Companies Act, 2013 during the year.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provision of the Companies Act and the rules framed there under are not applicable to the company.
- (vi) According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of services carried out by the company. Therefore, provisions of Clause 3 (vi) of the order are not applicable to the company.
- (vii) (a) The Company, has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Value added Tax and Cess and any other material statutory dues applicable to it *though there has been a slight delay in few cases.*



According to information and explanations given to us, no undisputed amounts is payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, Duty of Excise, Value added Tax and cess which were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise & Value Added Tax which have not been deposited on account of any dispute.
- (viii) *In our opinion and according to the information & explanations given to us, in the previous years, the financial institution has recalled the entire loan amount (outstanding Rs. 5,00,00,000 as on 31st March, 2017) citing "Event of Default" as outlined in loan agreement executed by the company for its failure to pay rental to sub-lessor in respect of the property mortgaged in favour of the financial institution pending adjudication on the title of a portion of loan by High Court of Jodhpur. The company has preferred writ petition challenging such recall before the Hon'ble High Court of Jaipur Bench. Since the matter is sub-judice, the amount of default, if any, is unascertainable. Also, the company has not paid interest amounting to Rs. 1,68,83,288 for previous years and Rs. 80,00,000 for current year due on such loan. The company has not issued any debentures.*
- (ix) The company has not raised money by way of initial public offer or further public offer during the year. The term loans have been applied for the purposes for which they were raised.
- (x) Based upon the audit procedure performed for the purpose of reporting the true and fair view and on the basis of the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
- (xi) Provision of Section 197 read with Schedule V to the Companies Act for providing managerial remuneration with the requisite approvals is not applicable to the company. Therefore, provision of Clause 3 (xi) of the order is not applicable to the company.
- (xii) As the company is not a Nidhi Company, therefore provisions of Clause 3 (xii) is not applicable to the company.
- (xiii) As per the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 wherever applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards. Section 177 of the Companies Act, 2013 is not applicable on the company.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment/ private placement of shares or full or partly convertible debentures during the year under review.
- (xv) According to the information and explanation provided to us, the company has not entered into any non-cash transactions with the directors or persons connected with them.



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(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **S. S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Reg. No. 000756N



Yogesh K. Gupta

Partner

Membership No. 093214

Place : **NEW DELHI**

Date : **22-05-2017**

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

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 **Shristi Udaipur Hotels & Resorts Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the 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". 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 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

We are unable to comment on the management assessment on the non-provision of the sub-lease rental and recoverability/realization of the amount lying in Capital work in progress including service tax recoverable as detailed in our main report, since the operations of the company have been disrupted since earlier years and no operational activities have been carried out by the company during the year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, commensurate with the size of the company & nature of its business, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, 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



S S KOTHARI MEHTA & CO

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India", to the extent applicable.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

For **S. S. KOTHARI MEHTA & CO.**
Chartered Accountants

Firm Reg. No. 000756N

Yogesh K. Gupta
Partner
Membership No. 093214



Place : **NEW DELHI**
Date : **22-05-2017**

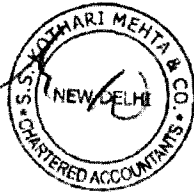
SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED
Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31.03.2017 Amount (in Rs.)	As at 31.03.2016 Amount (in Rs.)
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	49,500,000	49,500,000
(2) Non-Current Liabilities			
(a) Long term borrowings	3	312,143,578	309,207,908
(b) Other Long term liabilities	4	1,867,000	1,867,000
(c) Long term Provisions	5	60,760	50,213
(3) Current Liabilities			
(a) Other Current liabilities	6	81,099,524	72,826,860
(b) Short term Provisions	7	188,163	158,010
Total		444,859,025	433,609,991
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	81,328	106,468
(ii) Capital work-in-progress	9	289,499,807	278,496,560
(b) Long term loans and advances	10	154,252,652	154,037,288
(2) Current assets			
(a) Cash and Bank Balances	11	722,835	693,616
(b) Short term loans and advances	12	-	18,643
(c) Other current assets	13	302,603	257,436
Total		444,859,025	433,609,991

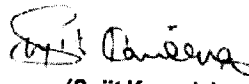
The Accompanying Notes are Integral part of Financial Statements


As per our report of even date attached
For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756N

Yogesh Kumar Gupta
Partner
Membership No.093214



For & on behalf of the board


(Sujit Kanoria)
Director
DIN-01175425


(Duraiswamy Guhan)
Director
DIN-06757569

Place : New Delhi
Date : 22-05-2017

SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED
Cash Flow Statement for the year ending March 31, 2017

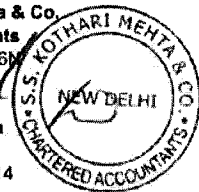
Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxation and Extraordinary activities	-	-
Adjustments for:		
Depreciation	25,140	37,760
Interest Expenses	8,000,000	8,021,918
Interest Income	(45,167)	(43,739)
Loss on sale of Fixed Assets	-	-
Operating Profit Before Working Capital Changes	7,979,973	8,015,939
Adjustments for:		
(Increase) / Decrease in Long Term Loans & Advances	(215,384)	(63,490)
(Increase) / Decrease in Short Term Loans & Advances	18,643	(13,643)
Increase / (Decrease) in Other Current Liabilities	272,664	(215,589)
Increase / (Decrease) in Long Term Provisions	10,547	27,061
Increase / (Decrease) in Short Term Provisions	30,153	70,481
Net Cash From Operating Activities	8,096,596	7,820,759
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	-
Capital Work in Progress	(11,003,047)	(10,531,436)
Net Cash From Investing Activities	(11,003,047)	(10,531,436)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Re-payment) from Long Term Secured Borrowings	-	-
Proceeds from Long Term Unsecured Loans	2,935,670	2,747,692
Interest Paid	-	-
	2,935,670	2,747,692
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	29,219	37,015
Opening Cash and cash equivalents	393,616	358,601
Closing Cash and cash equivalents	422,835	393,616
Components of Cash and cash equivalents		
Cash in Hand	34,247	127,053
Balances with Bank	388,588	266,563

Note:

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statement"
- 2 Figures in brackets denote cash outflow

As per our report of even date attached
For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756

Yogesh Kumar Gupta
Partner
Membership No.093214
Place : New Delhi
Date : 22-05-2017



For Shristi Udaipur Hotels & Resorts Pvt.Ltd.

(Signature)
(Sujit Kanoria)
Director
DIN-01175425

(Signature)
(Duralswamy Guhan)
Director
DIN-06757569

SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED

Notes to Financial Statements

As at 31.03.2017 As at 31.03.2016
Amount (in Rs.) Amount (in Rs.)

Note - 2: Share Capital

Authorized

10,000,000 (Previous year 10,000,000) equity shares of Rs.10/- each

100,000,000 100,000,000

Issued, Subscribed & Paid up

4,950,000 (Previous year 4,950,000) equity shares of Rs.10/- each fully paid up

49,500,000 49,500,000
49,500,000 49,500,000

Shares issued/boughtback during the year: NIL

Details of each shareholder holding more than 5% shares

Name of shareholder	As at 31st March, 2017		As at 31st March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shristi Urban Infrastructure Development Ltd.-Holding Company	3,000,000	60.61	3,000,000	60.61
Shristi Infrastructure Development Corporation Limited- Holding Company	1,950,000	39.39	1,950,000	39.39

Note-3 :Long Term Borrowings

Secured Loan

Term Loan From Financial Institution
(Secured by mortgage/hypothecations of the project immovable and moveable properties and personal guarantee of Promoter Director)

50,000,000 50,000,000

Unsecured Loan

Loan from Holding Company (Interest free)

312,143,578 309,207,908

Less: Current maturities of Long term borrowings

362,143,578 359,207,908

Total

50,000,000 50,000,000

312,143,578 309,207,908

Terms of Repayment for secured term loan:

Secured Term Loan from HUDCO is repayable in 43 unequal quarterly installments. Installment 1-4 of Rs. 25,00,000 each, Installment 5-8 of Rs. 50,00,000 each, Installment 9-12 of Rs. 75,00,000 each, Installment 13-16 of Rs. 100,00,000 each, Installment 17-28 of Rs. 150,00,000 each, Installment 29-32 of Rs. 175,00,000 each, Installment 33-43 of Rs. 3,09,81000 each, payable at the end of each quarter starting from 31st August 2012 to 28th February 2023. Interest accrued is payable at the end each quarter. The current rate of interest of the same is 16.00% per annum.

Refer Note 16 of the Financial Statements

Note- 4 :Other Long Term Liabilities

Security Deposits Received

1,867,000 1,867,000

1,867,000 1,867,000

Note- 5 :Long Term Provisions

Provisions

Provision for Leave Encashment

24,429 16,998

Provision for Gratuity

36,331 33,215

(Refer Note 23)

60,760 50,213

Note-6 :Other Current Liabilities

Current Maturities of long term loan

50,000,000 50,000,000

Interest Accured but not due on borrowings

- -

Interest Accured & due on borrowings

24,883,288 16,883,288

Other Payables

- Sub-lease rental accrued & due

4,013,224 4,013,224

- Expenses payables

2,153,153 1,922,888

- Other Liabilities

49,859 7,460

81,099,524 72,826,860

Note- 7 :Short Term Provisions

Provisions

Provision for Leave Encashment

74,457 56,935

Provision for Gratuity

113,708 101,075

(Refer Note 23)

188,163 158,010



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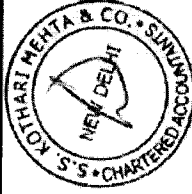
SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED

Note- 8: Tangible Assets

Amount (in Rs.)

Particulars	Gross Carrying Value			Depreciation			Net Carrying Value		
	As at March 31, 2016	Additions during the Period	Deduction during the year	As at March 31, 2017	Up to March 31, 2016	For the Period	Deduction during the year	As at March 31, 2017	As at March 31, 2016
Computers	266,321	-	-	266,321	254,275	-	-	12,046	12,046
Office Equipments	126,784	-	-	126,784	119,816	629	-	6,339	6,968
Plant & Machinery	15,764	-	-	15,764	9,219	1,253	-	5,292	6,545
Furniture & Fixtures	277,770	-	-	277,770	196,861	23,258	-	57,651	80,909
Total	686,639	-	-	686,639	580,171	25,140	-	81,328	106,468
As on 31.03.2016	686,639	-	-	686,639	542,411	37,760	-	106,468	-

Sybil Pansing



SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED

As at 31.03.2017 As at 31.03.2016
Amount (in Rs.) Amount (in Rs.)

Note-9 :Capital Work in Progress (Including pre-operative expenses pending allocation/charge off)

	As at March 31, 2017	As at March 31, 2016
Land & Site Development	25,092,415	25,092,415
Approvals	6,414,465	6,414,465
Architectural Fee & Project Consultancy	29,391,490	28,159,990
Civil Work	32,185,453	32,183,843
Personnel Expenses	68,155,336	67,166,635
Administrative Expenses	45,859,197	45,058,476
Finance Cost (Net)	81,795,840	73,840,565
Depreciation	605,311	580,171
	289,499,607	278,496,560

Note-10: Long Term Loans and Advances

Unsecured and Considered Good

Capital Advance - Mobilization Advance to Civil Contractor (Shristi Infrastructure Development Corp.Ltd.-Holding Company)	137,230,120	137,230,120
Security Deposits	4,844,430	4,844,430
Advance recoverable in cash or in kind or for value to be received	12,178,102	11,962,718
	154,252,652	154,037,268

Note -11 :Cash and Bank Balances

A- Cash & Cash Equivalent

Cash in hand	34,247	127,053
Balances with Banks	388,588	266,563
B- Other Bank Balances		
Fixed Deposit*	300,000	300,000

*includes Rs.3,00,000/- (Previous Year: 3,00,000) deposited with UIT Udaipur

722,835 **693,616**

Note- 12 :Short Term Loans and Advances

Unsecured and Considered Good

Advance recoverable in cash or in kind or for value to be received	-	18,643
	-	18,643

Note - 13 :Other Current Assets

Interest accrued but not due	302,603	257,436
	302,603	257,436



Signature

Shristi Udaipur Hotels & Resorts Pvt. Ltd.

Notes to Financial Statement

Note no. 1: Significant Accounting Policies & Practices

A. BACKGROUND AND NATURE OF OPERATIONS

The company was incorporated on 2nd February, 2007 as promoted by Shristi Urban Infrastructure Development Ltd. to carry on the business of hotels, motels, resorts, restaurants, shopping complex, commercial complex, multiplex etc. and related activities.

B. SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

1. ACCOUNTING CONVENTIONS

The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as a going concern, in accordance with Generally Accepted Accounting Principles in India, provisions of the Companies Act, 2013 & Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

2. All Assets and Liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies' Act, 2013. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

3. USE OF ESTIMATES

The presentations of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

4. FIXED ASSETS

- a. Fixed Assets are stated at cost of acquisition/ purchase price inclusive of duties, taxes, incidental expenses, erection/commissioning expenses, interest etc. up to the date the asset is ready for its intended use.
- b. Capital Work in Progress (CWIP) is carried at cost, comprising direct cost and related incidental expenses and interest on borrowings to the extent attributed to them including capital advances.

5. DEPRECIATION

The company has provided for depreciation using Written Down Value method over the useful life of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013.



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

- i) Depreciation on fixed assets is provided on Written Down Value Method as per the useful life given below:

Furniture & Fixtures	10 years
Computers	3 years
Office Equipment's	5 years
Plant & Machinery	15 years
Motor Vehicles	8 years

- ii) Depreciation on additions/deductions is provided from the date of their acquisition/ up to the date of their disposal.
- iii) Assets individually costing below Rs.5,000/- are fully depreciated during the year they are put to use.

6. Impairment of Assets

Wherever events or changes in circumstances indicate that the carrying amount of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognizes an impairment loss as the excess of the carrying amount over the recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying amount after reversal is not increased beyond the carrying amount that would have prevailed by charging usual depreciation if there was no impairment.

7. MISCELLANEOUS EXPENDITURE

Preliminary Expenses shall be written off in the year, the company commences the commercial Operations.

8. EMPLOYEE BENEFITS

Gratuity and Leave Encashment are provided for on accrual basis computed as per Actuarial Valuation made at the end of each financial year in accordance with AS-15 (Revised).

9. LEASES

Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense on accrual basis in accordance with the respective lease agreements.

10. TAXATION

a. Current Tax

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of Income Tax Act, 1961.



Sgt. Chauhan *[Signature]*

Shristi Udaipur Hotels & Resorts Pvt. Ltd.

b. Deferred Tax

- i) Deferred tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.
- ii) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. CASH FLOW STATEMENT

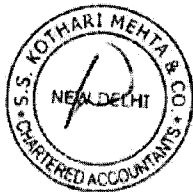
Cash flows are reported using indirect method whereby a profit before tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated.

12. BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalized as a part of those assets. Other Borrowing Costs are recognized as an expense in the period to which they relate.

13. PROVISIONS, CONTINGENT LIABILITES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

14. No Statement of Profit & Loss has been prepared since the company has not commenced commercial operations.

15. Capital Commitment

Estimated amount of Capital Commitments remaining to be executed (Net of advances) – Rs.1,23,22,84,433/- (Previous Year – 1,23,22,84,433/-).

16. Contingent Liabilities:

Lease deed between company and sub-lessor states that land should be free from encumbrance. However, the title of a portion of land is disputed by the Forest Deptt. The Company has disputed its liability for payment of rentals to sub-lessor till the matter is finally adjudicated upon. There is JV between HUDCO and Company and if company has continue payment of rent for disputed land, then as JV partner HUDCO would have raised question of such rent.

Despite being informed of the litigation between sub-lessor and Forest Deptt, HUDCO has treated the non-payment of rental to sub-lessor as event of default and recalled the loan. The company has challenged such recall by a writ petition filed before Hon'ble High Court of Rajasthan at Jaipur and same is sub-judice.

17. (A) During the financial year progress of the project has been slow due to the fact that certain clearances from various authorities are awaited by the sub-lessors. The management is of the view that the disruption is temporary in nature, the matters will get resolved soon and it will be able to complete the project at much faster pace; accordingly the full amount incurred so far on the project has been considered good and fully recoverable. Further company has initiated arbitration against lessors and Arbitrator has also been appointed.

(B) Consequent upon that no provision has been considered necessary for sub lease rental w.e.f. 01.09.2010 aggregating to Rs.4,78,50,000/-, as management does not consider it as payable. The management is confident that there will be no liability on this account. Being arbitration is pending.

18. As per the information available with the company, there are no dues to any Micro & Small enterprise as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March, 2017. Further no interest has been paid during the year and payable as on 31st March, 2017 to such parties.

19. In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.

20. Detail of Capital Work in Progress (including pre-operative expenses) incurred:-

<u>Particulars</u>	<u>Current year Amount (Rs.)</u>	<u>Previous year Amount (Rs.)</u>
a. Land & Site Development	--	--
b. Approvals	--	--
c. Architectural Fee & Project Consultancy	12,31,500/-	5,22,623/-



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

d. Civil Work	1,610/-	14,576/-
e. Personnel Expenses	9,88,701/-	12,00,536/-
f. Administrative Expenses*	8,00,721/-	7,77,019/-
g. Finance cost (Net)	79,55,375/-	79,78,922/-
h. Depreciation	25,140/-	37,760/-
Total	<u>1,10,03,047/-</u>	<u>1,05,31,436/-</u>

* Include Audit Fee Rs. 25000/- (Previous Year Rs. 25000/-)

21. Operating Lease

The company has paid operating lease of Rs.NIL/- for the year which has been included in CWIP. (Previous Year Rs.23,754/-). Amount payable during next one year is NIL (Previous year Rs. NIL/-).

22. Disclosure Regarding Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 are as below

	SBNs (Rs.)	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 08.11.2016	57,000	837	57,837
(+) Permitted receipts	-	50,000	50,000
(-) Permitted payments	-	1,500	1,500
(-) Amount deposited in Banks	57,000	-	57,000
Closing cash in hand as on 30.12.2016	-	49,337	49,337

23. Employee Benefits

The Company has defined retirement benefit for the benefit of its employees. The provisions made as per Actuarial valuation.

Disclosures as required by Accounting Standard-15 (Revised) on Employee Benefits in respect of gratuity and leave encashment are as follows:

a) Net expenses recognized during the year 2016-17

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2016-17	2015-16	2016-17	2015-16
- Current service cost	31,023	30,644	16,779	18,784
- Interest cost	6,481	4,372	10,662	8,420
- Expected return on plan assets	--	--	--	--
- Curtailment cost/(credit)	--	--	--	--
- Settlement cost/(credit)	--	--	--	--
- Past Service Cost	--	--	--	--
- Actuarial (gain)/loss on obligation	(12,551)	3,861	(11,694)	31,461
Total	24,953	38,877	15,747	58,665

b) Net Asset/ (Liability) recognized in the Balance Sheet as at 31.03.2017:



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

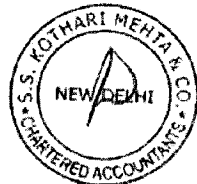
Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2016-17	2015-16	2016-17	2015-16
- Present value of Defined Benefit Obligation	98,886	73,933	1,50,037	1,34,290
- Fair value of plan assets	--	--	--	--
- Funded status [Surplus/(Deficit)]	(98,886)	(73,933)	(1,50,037)	(1,34,290)
- Unrecognized Past Service Costs	--	--	--	--
- Estimated Net asset/(liability) recognized in balance sheet	(98,886)	(73,933)	(1,50,037)	(1,34,290)

c) Change in the obligation for the year ended 31.03.2017

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2016-17	2015-16	2016-17	2015-16
- Present value of Defined Benefit Obligation as at the beginning of the year	73,933	35,056	1,34,290	75,625
- Interest cost	6,481	4,372	10,662	8,420
- Past service cost	--	--	--	--
- Current service cost	31,023	30,644	16,779	18,784
- Curtailment cost/(Credit)	--	--	--	--
- Settlement cost/(Credit)	--	--	--	--
- Benefits paid	--	--	-	--
- Actuarial (gain)/loss on obligation	(12,551)	3,861	(11,694)	31,461
- Present value of Defined Benefit Obligation as at the end of the year	98,886	73,933	1,50,037	1,34,290

d) Changes in fair value of Plan Assets

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2016-17	2015-16	2016-17	2015-16
- Plan asset at the beginning of the year	--	--	--	--
- Expected return of plan assets	--	--	--	--
- Actual company contributions	--	--	--	--



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

- Employee contribution	--	--	--	--
- Actuarial Gain/Loss on Plan Assets	--	--	--	--
- Benefits paid	--	--	--	--
- Plan assets at the end of the year	--	--	--	--

e) Principal actuarial assumption

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2016-17	2015-16	2016-17	2015-16
- Discount rate per annum compound	7.50%	8.00%	7.50%	8.00%
- Rate of increase in Salaries	6.00%	6.00%	6.00%	6.00%
- Rate of return on plan assets	0%	0%	0%	0%
- Expected Average remaining working lives of employees (years)	10.38	18.67	10.38	18.67

In view of the management, eligibility for sick leave is insignificant based on the past experience; hence no provision in this regard has been considered necessary.

Amounts recognized as CWIP and included in Note no. 9 Item Salaries, wages, Gratuity & Staff Cost includes Gratuity of Rs.15,747/- previous year Rs58,665/- & Leave Encashment of Rs. 24,953/- Previous year 38,877/-

24. Related Party Transaction

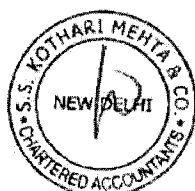
As per Accounting Standard 18, the company's related parties transactions are disclosed below:

a. List of Related parties & relationships where control exists:

- (1) **Holding Company**
Shristi Urban Infrastructure Development Limited (since incorporation)
- (2) **Ultimate Holding Company**
Shristi Infrastructure Development Corporation limited

b. Related party & relationship with whom transactions have taken place during the year

- (1) **Investing party of the Holding Company of the reporting enterprise**
Housing & Urban Development Corporation Limited (since incorporation)



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

c. Transaction with Related Parties

S. No.	Name of the Party	Relationship	Nature of Expenses Amount	Current year (Rs.)	Previous Year (Rs)
1	Shristi Urban Infrastructure Development Ltd,	Holding Company	Closing Balance: Reimbursement of Expenses	7,53,657/-	7,53,657/-
2.	Shristi Infrastructure Development Corporation Limited	Ultimate Holding Company	Long Term unsecured loan taken	29,35,670/-	27,47,692/-
			Closing Balance: Long Term unsecured loan Mobilization Advance given	31,21,43,578/- 13,72,30,120/-	30,92,07,908/- 13,72,30,120/-
3	Housing & Urban Development Corporation Limited	Investing Party	Interest on Loan	80,00,000/-	80,21,918/-
			Closing Balance:- Secured Loan Interest payable	5,00,00,000/- 2,48,83,288/-	5,00,00,000/- 1,68,83,288/-

25. Earning per Share

In view of no statement of profit & loss for the year, the calculation of EPS is not applicable.

26. Since the company has not started the commercial operation till March 31, 2017; hence the company cannot calculate deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income." and Segment Reporting in accordance with Accounting Standard 17 is not applicable.

27. Previous year figures have been regrouped/recast/rearranged wherever necessary to conform to this year's Classification.

28. Note no. 1 to 28 form an integral part of the financial statements.

As per our report of even date attached

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No. 000756N

Yogesh Kumar Gupta

Partner

Membership No. 093214

Place: New Delhi

Dated: 22-05-2017



For & on behalf of the board

Sujit Kanoria

Sujit Kanoria

Director

DIN-01175425

Duraiswamy Guhan

Duraiswamy Guhan

Director

DIN-06757569