

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, 2014 and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. No statement of profit and loss has been prepared since the Company is yet to commence its commercial operations and necessary details as per part II of Schedule VI of Companies Act, 1956 have been disclosed in Note No. 13 of the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal controls 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, 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 audit opinion.

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note no. 16 of the Financial Statements regarding amount incurred so far on the project considered good and fully recoverable, pending certain clearances from various authorities and non-provision for sub-lease rental for the reasons as explained in the said note. Our opinion is not qualified in respect of this matter.

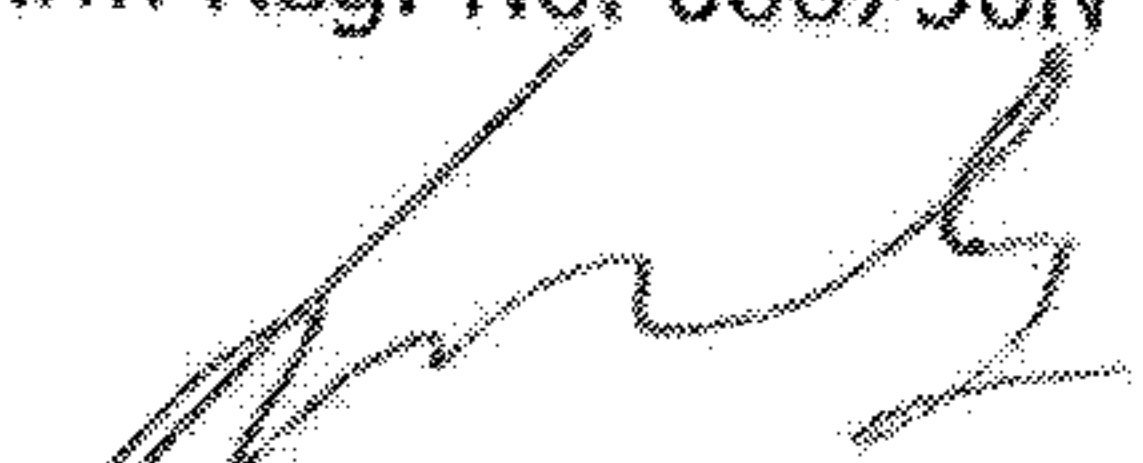
Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (2) As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion 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 and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013;



- e) on the basis of written representations received from the directors as on March 31,2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 000756N


Yogesh K. Gupta
Partner
Membership No. 093214



Place : New Delhi
Date : 23-05-2014

ANNEXURE TO THE AUDITOR'S REPORT

(The Annexure referred to in our report to the member of **Shristi Udaipur Hotels & Resorts Private Limited** on the accounts for the year ended March 31, 2014)

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the management has carried out physical verification of its fixed assets during the year. In our opinion the frequency of such verification is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification as compared to the books of account.
 - (c) In our opinion & according to information and explanations given to us, the company has not made disposal of fixed assets during the year.
- (ii) The company does not hold any inventory. Hence, the provisions of Clause 4(ii) (a), (b) & (c) of the Order are not applicable to the company.
- (iii)
 - a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of Clause 4(iii) (a), (b), (c) & (d) of the Order are not applicable to the Company.
 - b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of Clause 4(iii) (e), (f), (g) & (h) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the company.
- (v) In our opinion and according to the information and explanations given to us, there is no contract or arrangement that needs to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause 4(v)(b) of the order are not applicable to the company.
- (vi) 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 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the company.
- (vii) In our Opinion, the company has an in-house internal audit system commensurate with the size and nature of its business and activities.




- (viii) According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 as the company has not commenced operations. Therefore, provisions of Clause 4 (viii) of the order are not applicable to the company.
- (ix) (a) The Company, has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it. There were no undisputed amounts payable in arrears as at 31st March 2014 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, Wealth Tax, Service Tax, Custom duty, Excise duty and Cess, which have not been deposited on account of any dispute.
- (x) Since the company has not started the commercial operation till March 31st, 2014. Hence, the provisions of Clause 4(x) of the Order are not applicable to the company.
- (xi) In our opinion and according to the information & explanations given to us, *the company has defaulted in repayment of dues to financial institutions ranging from 80 to 88 days during the year (Principal amounting to Rs. 175,00,000 and interest amounting to Rs. 102,24,384) including repayment of dues of Rs. 50,00,000 and interest of Rs. 23,62,740 which was repaid on 22nd May 2014. Further, the financial institution has recalled the entire loan amount (outstanding Rs. 5,50,00,000 as on 31st March 2014) 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 land 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.* The company has not issued any debentures.
- (xii) In our opinion and according to the information & explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of Clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) As per information and explanations given to us, the company has not given any guarantee for any loan taken by others from banks or financial institutions.



- (xvi) On the basis of records made available and according to information and explanations given to us, the company has applied its term loans for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, during the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of Clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures. Therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The company is a Private Limited Company, hence could not raise any money by way of public issue. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) 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.

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 000756N


Yogesh K. Gupta
Partner
Membership No. 093214




Place : New Delhi
Date : 23-05-2014


SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED
Balance Sheet as at 31st March 2014

Particulars	Note No.	As at 31.03.2014 Amount (in Rs.)	As at 31.03.2013 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	311,425,150	297,337,048
(b) Long term Provisions	4	746,020	611,942
(3) Current Liabilities			
(a) Other Current liabilities	5	44,034,049	31,008,985
(b) Short term Provisions	6	64,929	176,255
Total		405,770,148	378,634,230
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	317,612	406,144
(ii) Capital work-in-progress	8	250,414,117	224,422,887
(b) Long term loans and advances	9	153,772,545	153,385,285
(2) Current assets			
(a) Cash and Bank Balances	10	803,149	197,303
(b) Short term loans and advances	11	289,198	81,233
(c) Other current assets	12	173,527	141,378
Total		405,770,148	378,634,230

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 K. GUPTA
Partner
Membership No. 093314



For & on behalf of the board


(Sujit Kanoria)
Director


(D. Guhan)
Director

Place : New Delhi
Date : 23-05-2014

SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED
Cash Flow Statement for the year ending March 31, 2014

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxation and Extraordinary activities		
Adjustments for:		
Depreciation	88,532	121,429
Interest Expenses	10,390,625	11,442,460
Interest Income	(32,149)	(28,751)
Operating Profit Before Working Capital Changes	10,447,008	11,535,138
Adjustments for:		
(Increase) / Decrease in Long Term Loans & Advances	(387,260)	(347,341)
(Increase) / Decrease in Short Term Loans & Advances	(207,965)	33,221
Increase / (Decrease) in Other Current Liabilities	(1,663,566)	1,891,251
Increase / (Decrease) in Long Term Provisions	134,078	28,866
Increase / (Decrease) in Short Term Provisions	(111,326)	(25,597)
Net Cash From Operating Activities	8,210,969	13,115,538
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		
Increase in Long term Loans & Advances		
Capital Work in Progress	(25,959,081)	(30,852,860)
Change in Fixed Deposits		
Interest received	(32,149)	(28,751)
Net Cash From Investing Activities	(25,991,230)	(30,881,611)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Re-payment) from Long Term Secured Borrowings	(15,000,000)	(5,000,000)
Proceeds from Long Term Unsecured Loans	41,588,102	33,319,962
Interest Paid	(8,201,995)	(11,556,056)
	18,386,107	16,763,906
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)		
Opening Cash and cash equivalents	605,846	(1,002,167)
Closing Cash and cash equivalents	(102,697)	899,470
	503,149	(102,697)

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" issued by the ICAI.
- 2 Figures in brackets denote cash outflow.

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

For Shristi Udaipur Hotels & Resorts Pvt.Ltd

Yashvir K. Gupta
Partner
Membership No. 093214
Place : New Delhi
Date : 28-05-2014



Sujit Kanoria
(Sujit Kanoria)
Director

(D. Guhan)
Director

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

i) ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention as a going concern and in accordance with the relevant disclosure requirements of the Companies Act, 1956 and are consistent with the generally accepted accounting principles. Income and expenditure are accounted for on accrual basis. The financial statements have been prepared to comply in all applicable respects of mandatory accounting standards as prescribed by Companies (Accounting Standards) Rules, 2006 under sub-section (3C) of the section 211 of the Companies Act, 1956 read with general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.

ii) 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 VI to the Companies' Act, 1956. 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.

iii) 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.

iv) 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.



Shristi Udaipur Hotels & Resorts Pvt. Ltd.

v) DEPRECIATION

- i) Depreciation on fixed assets is provided on Written Down Value Method as per the rates specified in Schedule XIV to the Companies Act, 1956.
- 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.

vi) MISCELLANEOUS EXPENDITURE

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

vii) 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).

viii) 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.

ix) 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.

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.

x) 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.



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

xi) 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.

xii) 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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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 2014		As at 31st March 2013	
	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 Housing Development Private Limited- Step up 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)

55,000,000 70,000,000

Unsecured Loan

Loan from Step up Holding Company (Interest free)

288,335,150 247,337,048

343,925,150 317,337,048

32,500,000 20,000,000

311,425,150 297,337,048

Less: Current maturities of Long term borrowings
Total

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. 3,09,81,000 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 15.505% (Floating base rate +1%+5.25%) per annum. Principal amount of Rs. 50,00,000/- and interest of Rs. 23,62,740/- is due.

Note- 4 :Long term Provisions

Provisions

Provision for Leave Encashment
Provision for Gratuity

245,262 219,329

500,758 392,613

746,020 611,942

Note-5 :Other Current liabilities

Current Maturities of long term loan
Interest Accrued but not due on borrowings
Interest Accrued & due on borrowings
Other Payables
- Sub-lease rental accrued & due
- Expenses payables
- Deposits - Others
- Other Liabilities

32,500,000 20,000,000

747,397 921,507

2,362,740

4,013,224 4,013,224

2,308,896 4,108,332

1,867,000 1,867,000

234,792 98,922

44,034,049 31,008,985

Note- 6 :Short term Provisions

Provisions

Provision for Leave Encashment
Provision for Gratuity

14,553 49,558

50,376 126,697

64,929 176,255



SHRISTI UDAIPUR HOTELS & RESORTS PRIVATE LIMITED

Note- 7: Tangible Assets

Amount (in Rs.)

Particulars	Gross Carrying Value			Depreciation			Net Carrying Value	
	As at March 31, 2013	Additions during the Period	As at March 31, 2014	Up to March 31, 2013	For the Period	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Computers	266,321	-	266,321	195,529	28,316	223,845	42,476	70,792
Office Equipments	126,784	-	126,784	42,852	11,675	54,527	72,257	83,932
Plant & machinery	15,764	-	15,764	4,139	1,617	5,756	10,008	11,625
Motor Vehicle	150,000	-	150,000	104,796	11,703	116,499	33,501	45,204
Furniture & Fixtures	277,770	-	277,770	83,179	35,221	118,400	159,370	194,591
Total	836,639	-	836,639	430,495	88,532	519,027	317,612	406,144
As on 31.03.2013	836,639	-	836,639	309,066	121,429	430,495	406,144	-



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Note-8 :Capital Work in Progress (including pre-operative expenses pending allocation/charge off)

Land & Site Development
Approvals
Architectural Fee & Project Consultancy
Civil Work
Personnel Expenses
Administrative Expenses
Finance Cost (Net)
Depreciation

As at March 31, 2014	As at March 31, 2013
25,037,408	25,037,408
6,414,465	6,414,465
26,209,332	25,813,532
32,107,489	32,032,906
61,274,929	51,578,569
41,065,318	35,690,072
57,786,149	47,425,440
519,027	430,495
250,414,117	224,422,887

Note-9: Long term loans and advances

Unsecured and Considered Good

Capital Advance - Mobilization Advance to Civil Contractor (Shristi Infrastructure Development Corp.Ltd.-Ultimate Holding Company)
Security Deposits
Advance recoverable in cash or in kind or for value to be received

137,230,120	137,230,120
4,852,930	4,852,930
11,689,495	11,302,235
153,772,545	153,385,285

Note -10 :Cash and Bank Balances

A- Cash & Cash Equivalent

Cash in hand
Balances with Banks

B- Other Bank Balances

Fixed Deposits*

61,533	9,130
441,616	(111,827)
300,000	100,000

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

Note- 11 :Short term loans and advances

Unsecured and Considered Good

Advance recoverable in cash or in kind or for value to be received

803,149	197,303
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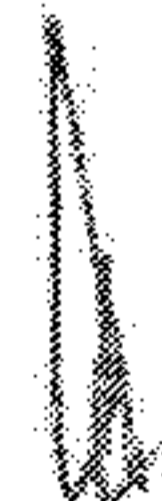
289,198	81,233
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289,198	81,233
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Note - 12 :Other Current assets

Interest accrued but not due

173,527	141,378
173,527	141,378



Shristi Udaipur Hotels & Resorts Pvt. Ltd.

13. No Profit & Loss A/c has been prepared since the company has not commenced commercial operations.

14. 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/-).

15. Contingent Liabilities:

i. Bank Guarantee: Guarantees given by bank on behalf of the company amounting to Rs. NIL (Previous Year –NIL)

ii. Lease deed between company and sub-lessor states that land should be free from encumbrance however, 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 continued payment of rent for disputed land, then, as JV partner HUDCO would have raised question for payment 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 challenge such recall by a writ petition filed before Hon'ble High Court of Rajasthan at Jaipur and same is sub-judice. The company has, however, continued payment and accounting of interest and installment of principal as per terms of sanction of loan.

16. 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. Consequent upon that no provision has been considered necessary for sub lease rental w.e.f. 01.09.2010 aggregating to Rs. 2,55,08,400/-, as management does not consider it as payable. The management is confident that there will be no liability on this account.

17. 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, 2014. Further no interest has been paid during the year and payable as on 31st March, 2014 to such parties.

18. 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.

19. 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	3,95,800/-	9,90,980/-
d. Civil Work	74,583/-	1,24,883/-
e. Personnel Expenses	96,09,495/-	1,10,00,006/-
f. Administrative Expenses*	53,75,246/-	72,28,191/-



Shristi Udaipur Hotels & Resorts Pvt. Ltd.

g. Finance cost (Net)	1,03,60,709/-	1,14,16,122/-
h. Depreciation	88,532/-	1,21,429/-
Total	<u>2,59,04,365/-</u>	<u>3,08,81,611/-</u>

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

20. Operating Lease

The company has taken office space on cancelable operating lease for a period of 11 months (renewed for a period of next 11 months), Rs.22,78,404/- for the year has been included in CWIP. (Previous Year Rs.21,94,143/-). Amount payable during next one year is Rs. 15,12,490/- (Previous year Rs. 18,12,351/-).

21. 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 2013-14

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2013-14	2012-13	2013-14	2012-13
- Current service cost	6,106	7,851	95,242	1,13,977
- Interest cost	23,792	26,564	48,170	44,227
- Expected return on plan assets	--	--	--	--
- Curtailment cost/(credit)	--	--	--	--
- Settlement cost/(credit)	--	--	--	--
- Past Service Cost	--	--	--	--
- Actuarial (gain)/loss on obligation	25,143	(53,408)	(1,11,588)	(68,069)
Total	55041	(18,993)	31,824	90,135

b) Net Asset/ (Liability) recognized in the Balance Sheet as at 31.03.2014:

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2013-14	2012-13	2013-14	2012-13
- Present value of Defined Benefit Obligation	2,59,815	2,68,887	5,51,134	5,19,310
- Fair value of plan assets	--	--	--	--
- Funded status [Surplus/(Deficit)]	(2,59,815)	(2,68,887)	(5,51,134)	(5,19,310)
- Unrecognized Past Service Costs	--	--	--	--
- Estimated Net asset/(liability) recognized in balance sheet	(2,59,815)	(2,68,887)	(5,51,134)	(5,19,310)



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

c) Change in the obligation for the year ended 31.03.2014

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2013-14	2012-13	2013-14	2012-13
- Present value of Defined Benefit Obligation as at the beginning of the year (01.04.2013)	2,68,887	3,21,418	5,19,310	4,63,510
- Interest cost	23,792	26,564	48,170	44,227
- Past service cost	--	--	--	--
- Current service cost	6,106	7,851	95,242	1,13,977
- Curtailment cost/(Credit)	--	--	--	--
- Settlement cost/(Credit)	--	--	--	--
- Benefits paid	(64,113)	33,538	--	34,335
- Actuarial (gain)/loss on obligation	25,143	(53,408)	(1,11,588)	(68,069)
- Present value of Defined Benefit Obligation as at the end of the year (31.03.2013)	2,59,815	2,68,887	5,51,134	5,19,310

d) Changes in fair value of Plan Assets

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2013-14	2012-13	2013-14	2012-13
- Plan asset at the beginning of the year	--	--	--	--
- Expected return of plan assets	--	--	--	--
- Actual company contributions	64,113	33,538	--	34,335
- Employee contribution	--	--	--	--
- Actuarial Gain/Loss on Plan Assets	--	--	--	--
- Benefits paid	(64,113)	(33,538)	--	(34,335)
- Plan assets at the end of the year	--	--	--	--



Shristi Udaipur Hotels & Resorts Pvt. Ltd.

c) Principal actuarial assumption

Particulars	Leave Encashment (Non-Funded) (Rs.)		Gratuity (Non-Funded) (Rs.)	
	2013-14	2012-13	2013-14	2012-13
- Discount rate per annum compound	8.25%	8.25%	8.25%	8.25%
- Rate of increase in Salaries	5.00%	5.00%	5.00%	5.00%
- Rate of return on plan assets	0%	0%	0%	0%
- Expected Average remaining working lives of employees (years)	18.27	17.58	18.27	17.58

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.

22. 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) Step-up Holding Company

Shristi Housing Development Limited (Formerly Shrivasa Infra Private Limited)
(w.e.f. 01.04.2010)

(3) Ultimate Holding Company

Shristi Infrastructure Development Corporation Limited (since incorporation)

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

(1) Investor's party of the Holding Company of the reporting enterprise

Housing & Urban Development Corporation Limited (since incorporation)

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	Reimbursement of Expenses	NIL	7,53,657/-
			Closing Balance:		
			Reimbursement of Expenses	7,53,657/-	7,53,657/-
2.	Shristi Housing Development	Step up Holding	Long Term unsecured loan	4,15,88,102/-	3,81,19,962/-



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Shristi Udaipur Hotels & Resorts Pvt. Ltd.

	Limited	Company	Closing Balance: Long Term unsecured loan	28,89,25,150/-	24,73,37,048/-
3.	Shristi Infrastructure Development Corporation Ltd.	Ultimate Holding Company	Closing Balance: Mobilization Advance given	13,72,30,120/-	13,72,30,120/-
4.	Housing & Urban Development Corporation Limited	Investing Party	Interest on Loan Closing Balance:- Secured Loan Interest payable	1,03,90,625/- 5,50,00,000/- 31,10,137/-	1,14,42,460/- 7,00,00,000/- 9,21,507/-

23. Earning per Share

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

24. Since the company has not started the commercial operation till March 31, 2014; 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.

25. Additional information pursuant to the provisions of paras 3, 4 C and 4 D of Part II of Schedule VI to the companies Act, 1956 (to the extent applicable):

Particulars	Current Year	Previous Year
Travelling Expenses	NIL	Rs. 4,69,169/-

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

27. Note no. 1 to 27 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. 000756

YOGESH K. GUPTA
Partner

Membership No. 013219

Place: New Delhi

Dated: 23-05-2014



For & on behalf of the board

(Signature)

(Sujit Kanoria)

Director

(Signature)

(D. Guhan)

Director