

S. S. KOTHARI & CO.

CHARTERED ACCOUNTANTS

S. S. KOTHARI B.Com., C.T.A (LOND), F.C.A. R. N. BARDHAN B.Com., F.C.A.
R. K. ROYCHOU DHURY B.Sc., B.Com., F.C.A. A. DATTA B.Com., F.C.A.
T. K. SENGUPTA B.Com. LL.B., F.C.A. P. K. BHATTACHARYA B.Com., F.C.A.

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INDEPENDENT AUDITORS' REPORT

To the Members of
Vipani Hotels & Resorts Pvt. Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Vipani Hotels & Resorts Pvt. Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

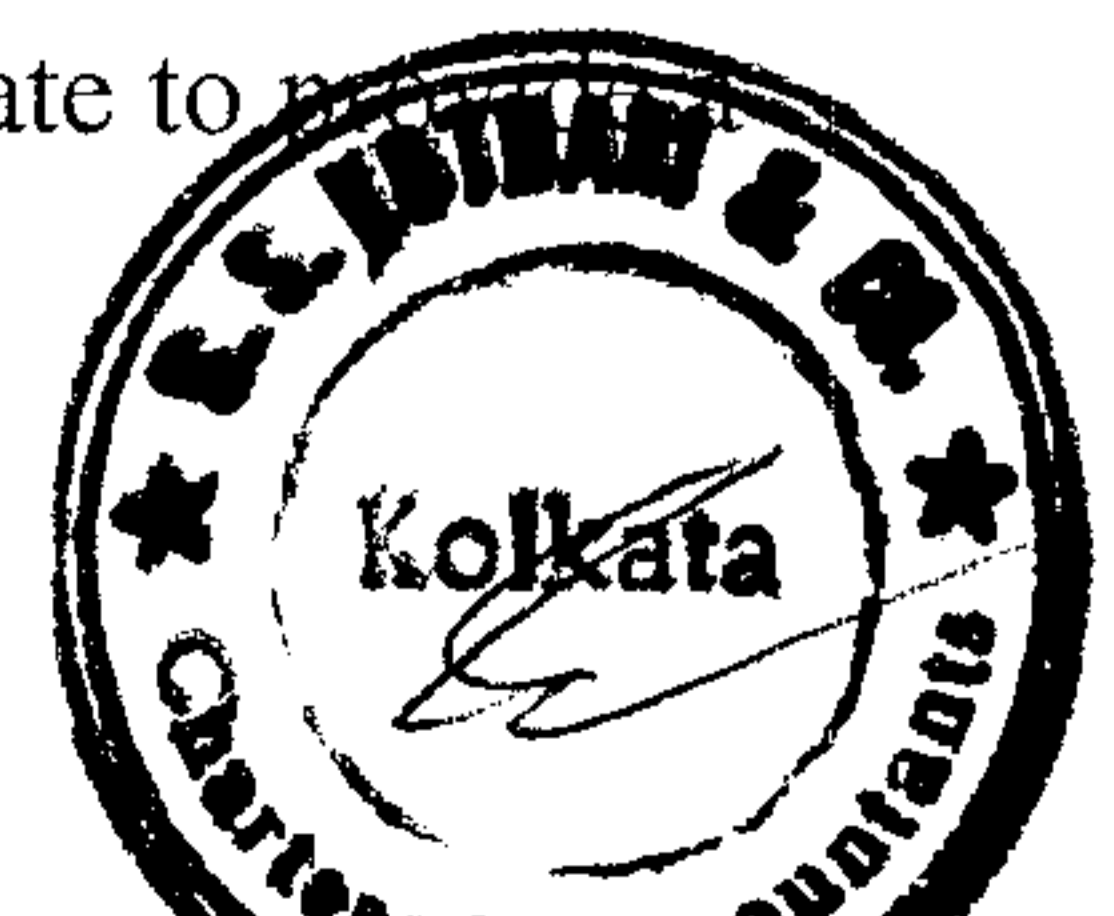
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the 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 control 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 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 the reasonableness of the accounting estimates made by the 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 our basis for our audit.



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; and
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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 the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - 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.

Centre Point
21, Old Court House Street,
Kolkata – 700 001
The 23rd day of May, 2014

For S. S. KOTHARI & CO.
Chartered Accountants
Firm Registration No: 302034E

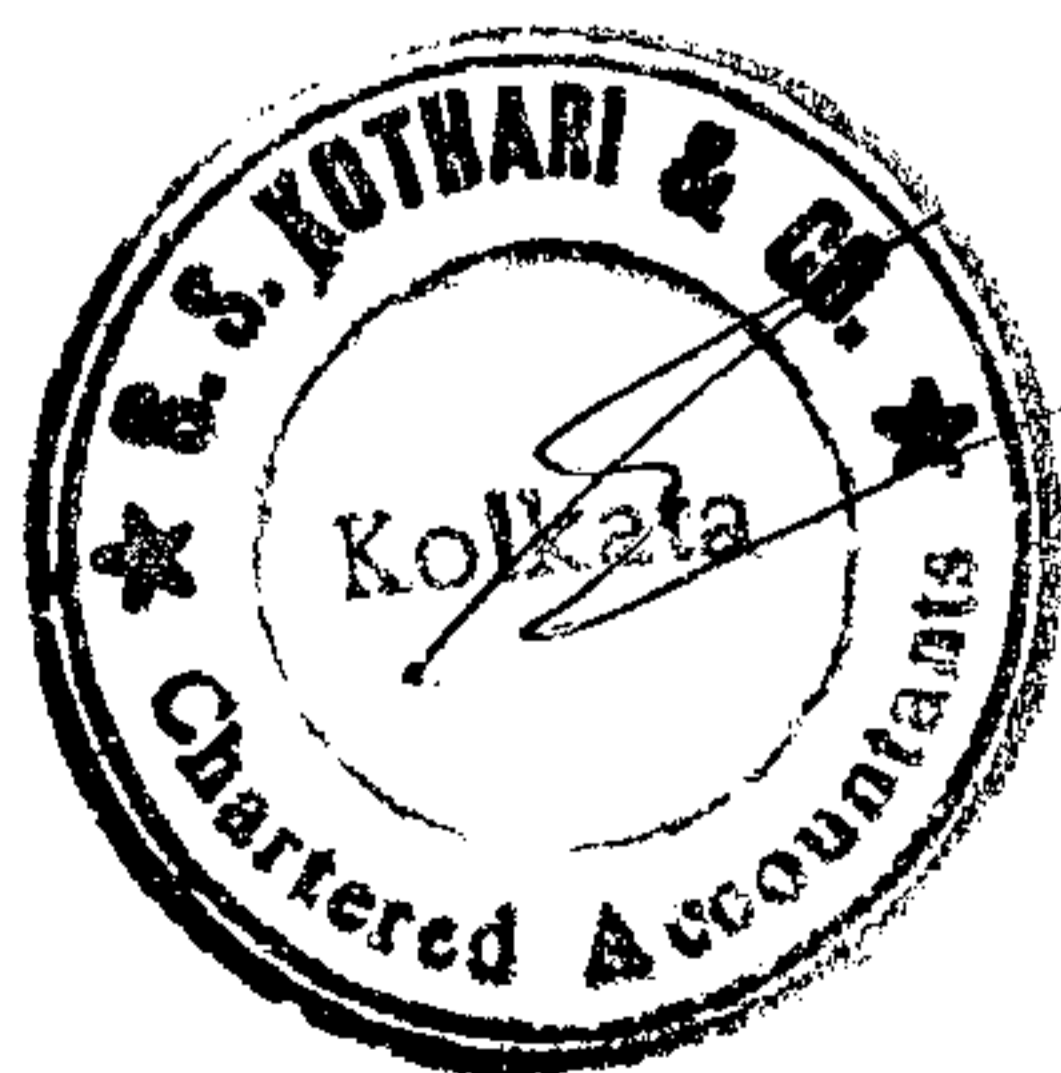



(R.N. Bardhan)
Partner
Membership No: 017270

The Annexure referred to in the Paragraph 1 of Auditors' Report to the members of Vipani Hotels & Resorts Pvt. Ltd. on the accounts for the year ended 31st March 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- I. The Company do not have any Fixed Assets at the Balance Sheet date.
- II. As there is no Inventory during the year, therefore we are not required to comment on the physical verification and maintenance of records relating to inventory.
- III.
 - a. The company has not granted any secured or unsecured loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b. The company has taken unsecured loan from its Holding Company covered in the register maintained under Section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across any instances of major weaknesses in the aforesaid internal control system.
- V. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4(V) (b) of the Order is not applicable
- VI. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the companies Act, 1956 during the year.
- VII. In our opinion, the present internal audit system of the Company is commensurate with the size of the company and nature of its business.
- VIII. The maintenance of Cost Records under Section 209(1)(d) of the Companies Act,1956 is not applicable to the Company.
- IX. a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and any other statutory dues during the year with the appropriate authorities where applicable, which are outstanding for more than six months
b) According to the information and explanation given to us ,there is no amount payable in respect of Sales tax, Custom duty, wealth tax, Income tax, Excise duty, Service tax which has not been deposited on account of any disputes.



- X. The company has accumulated loss and has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. The company has not defaulted in repayment of dues to the Financial Institutions, Bank and debenture holders.
- XII. According to the information and explanation given to us, the Company has not granted any 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.
- XIV. The Company is not in the business of dealing or trading in shares. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other investments and timely entries have been made therein. We also report that the Company has held shares, securities, debentures and other securities in its own name.
- XV. The company has not given guarantee for loans taken by other companies from banks or Financial Institutions and as per the Management Representations we are of the opinion that the related terms and conditions are not prima facie prejudicial to the interests of the company.
- XVI. Based on information and explanations given to us by the Management, no term loans were obtained by the Company during the year. Hence this Clause is not applicable.
- XVII. On the basis of our overall examination of the Balance Sheet, no funds raised on short term basis have been used for long term investment.
- XVIII. During the year under audit, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by way of Public Issue during the year.
- XXI. Based upon the audit procedures performed and on the basis of information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

Place : Kolkata
Date: 23rd May, 2014.

For **S. S. KOTHARI & CO.**
Chartered Accountants
FR No. 302034E



R. N. Bardhan
Partner
Membership No. 017270




Vipani Hotels & Resorts Pvt.Ltd.
Balance Sheet as at March 31, 2014

Particulars	Notes	(Amount in Rs.)	
		As at 31.03.2014	As at 31.03.2013
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	4,960,000	4,960,000
Reserve and Surplus	3	(4,326,285)	(4,326,285)
Non-Current Liabilities			
Long term borrowings	4	4,247,258	3,874,000
Current Liabilities			
(a) Trade payable	5	843	40,500
(b) Other Current liabilities	6	11,236	10,118
Total		4,893,052	4,558,333
Assets			
Non-current assets			
Capital work-in-progress	7	2,587,496	2,566,842
Current assets			
Cash and cash equivalents	8	29,592	280,037
Short term loans and advances	9	2,275,964	1,711,454
Total		4,893,052	4,558,333
Summary of significant accounting policies	1		

The accompanying notes form an integral part of the financial statements


As per our report of even date

For S.S. KOTHARI & CO
Chartered Accountants
Firm Regn. No. 302034E


R.N. Bardhan
Partner
Membership No. 17270

Place: New Delhi
Date: 23.05.2014

For & on behalf of the Board


(Director)


(Director)



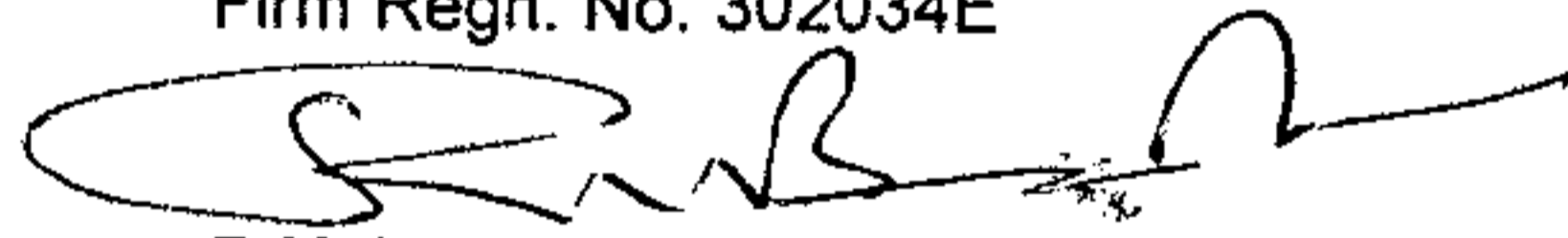
Vipani Hotels & Resorts Pvt.Ltd.
Cash Flow Statement for the year ended 31.03.2014

Particulars	(Amount in Rs.)	
	Year ended 31st March 2014	Year ended 31st March 2013
A. CASH FLOW OPERATING ACTIVITES		
Net Profit/(Loss) before tax and Extraordinary items	-	-
Adjusted for		
Interest Received	-	-
Excess provision of earlier year written back	-	-
Operating Profit/(Loss) Before Working Capital Changes	-	-
Adjustments for:		
(Increase) / Decrease in Trade Receivable	(564,510)	(1,109,184)
Increase / (Decrease) in Trade Payable	(38,539)	45,103
Cash Generated from Operations	(603,049)	(1,064,081)
Direct Tax Paid	-	-
Net Cash From Operating Activities	(603,049)	(1,064,081)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	-	-
Capital Work in Progress	(20,654)	(2,566,842)
	(20,654)	(2,566,842)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Loan	373,258	3,874,000
	373,258	3,874,000
D. increase/ (decrease) in cash and cash equivalents (A+B+C)		
increase/ (decrease) in cash and cash equivalents (A+B+C)	(250,445)	243,077
Opening Balance of Cash and Cash equivalents	280,037	36,960
Closing Balance of Cash and Cash equivalents	29,592	280,037

The accompanying notes form an integral part of the financial statements

As per our report of even date

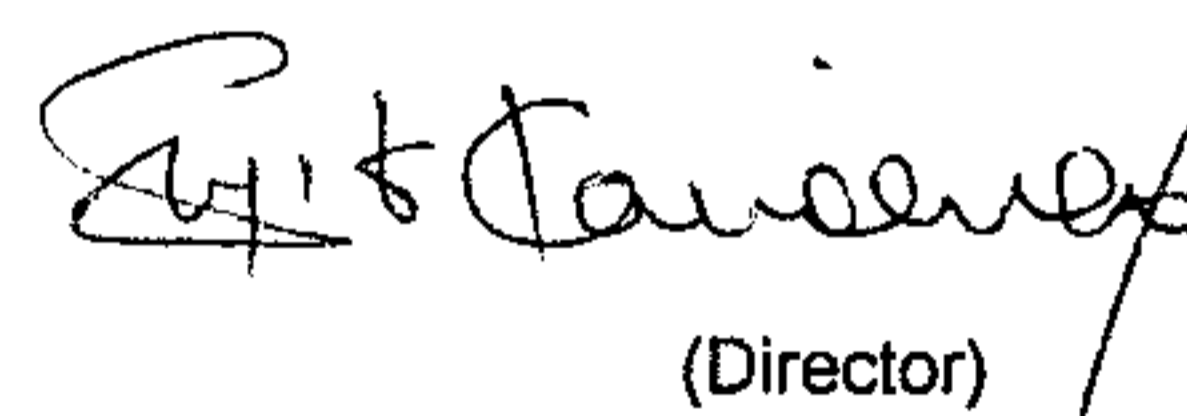
For **S.S. KOTHARI & CO**
Chartered Accountants
Firm Regn. No. 302034E



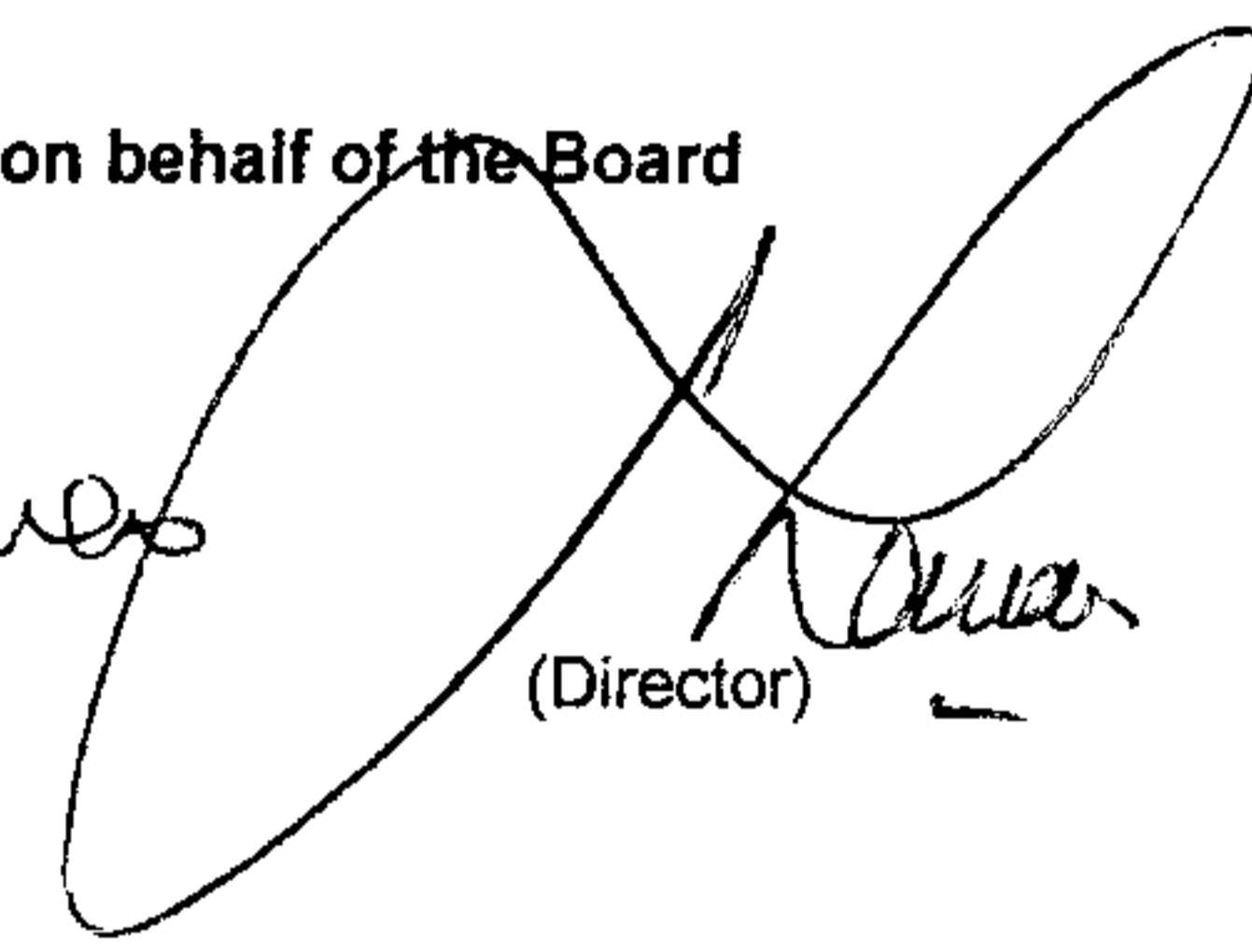
R.N. Bardhan
Partner
Membership No. 17270

Place: Kolkata
Date: **23.05.2014**

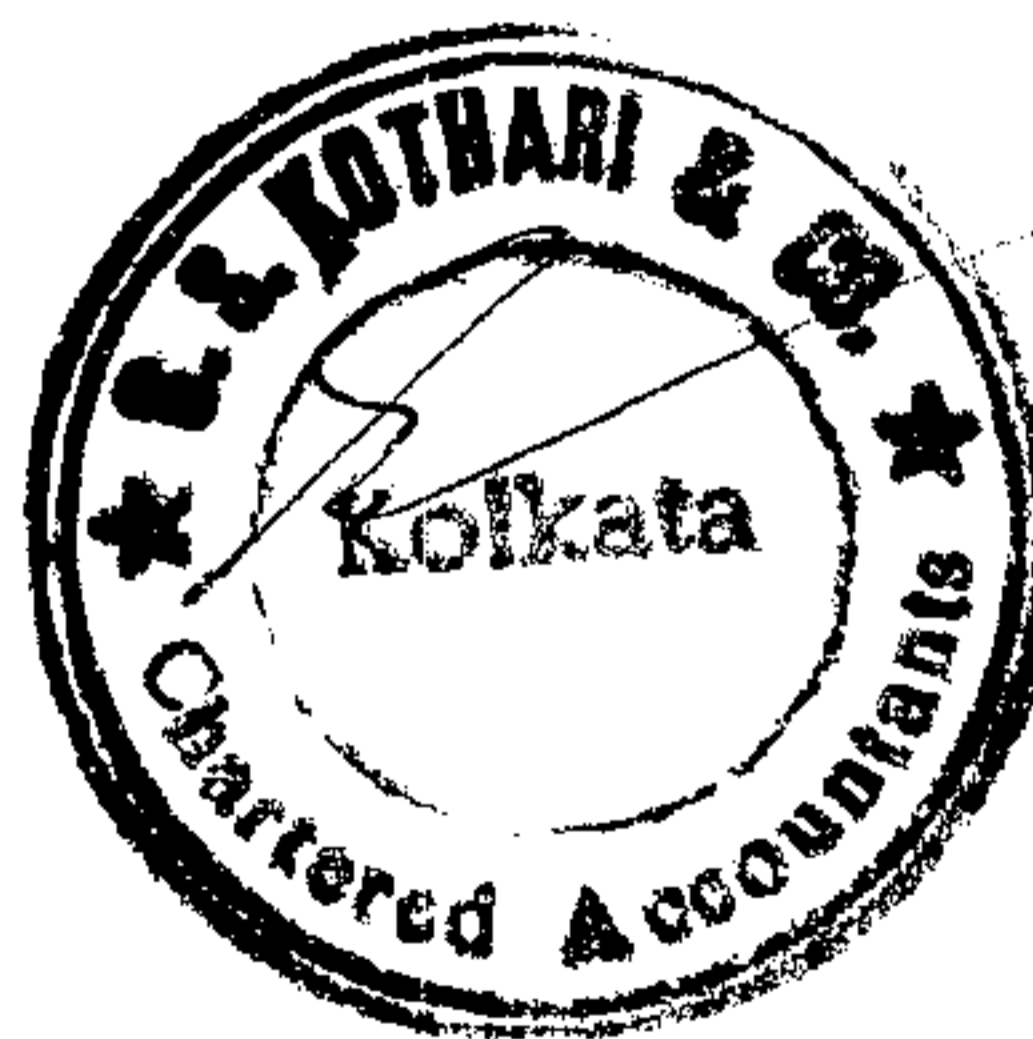
For & on behalf of the Board



(Director)



(Director)



1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTIONS

The accounts have been 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 also 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.

B. 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.

C. CAPITAL WORK IN PROGRESS

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.

D. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

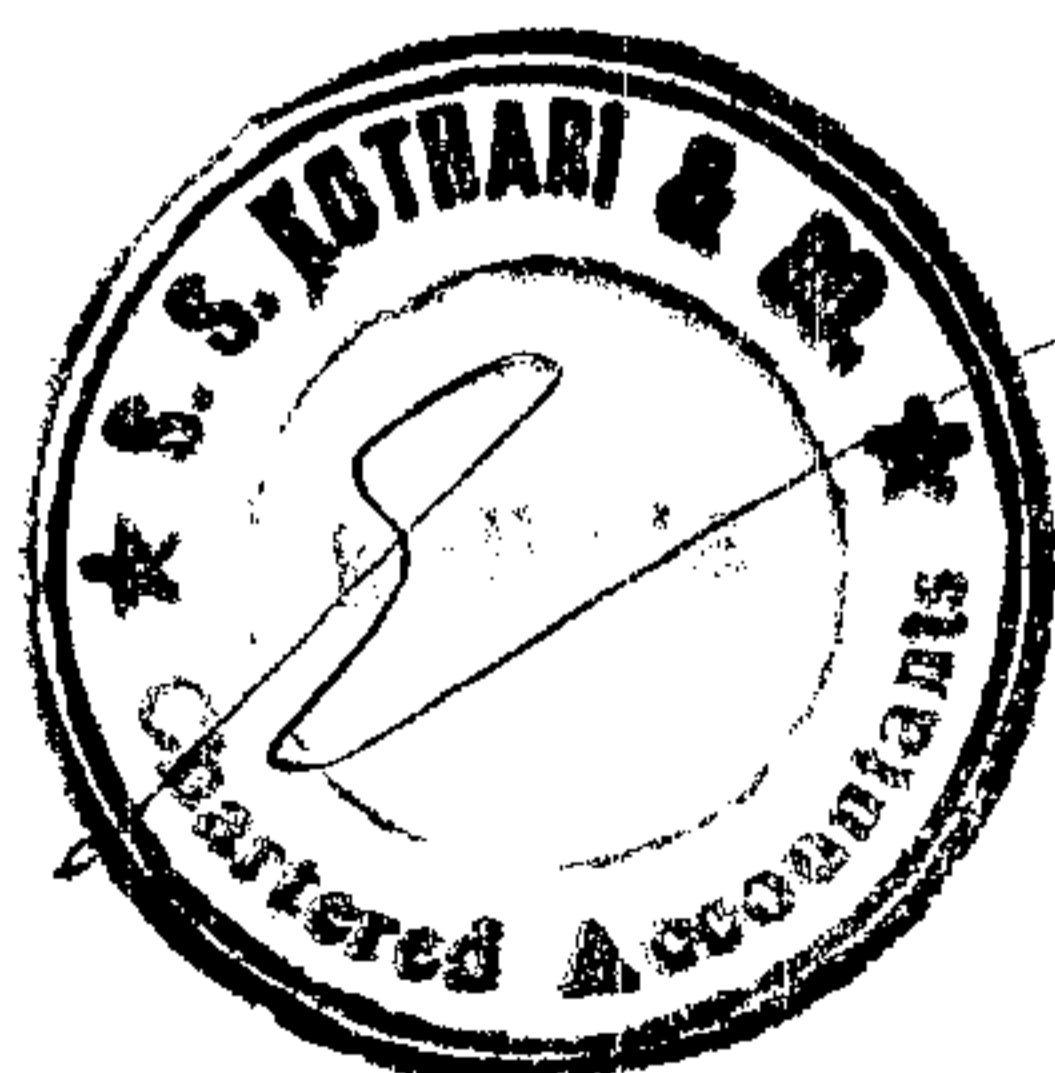
E. TAXATION

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.



Sgt. Kothari

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F. 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.

Pratibha Kulkarni
Pratibha



Vipani Hotels & Resorts Pvt.Ltd.

Notes to Financial Statements for the period ended March 31, 2014

	As at 31.03.2014 Amount (in Rs.)	As at 31.03.2013 Amount (in Rs.)
Note 2: Share Capital		
Authorised		
5,00,000 (Previous year 5,00,000) equity shares of Rs.10/- each	5,000,000	5,000,000
Issued, Subscribed & Paid up		
4,96,000 (Previous year 4,96,000) equity shares of Rs.10/- each fully paid up	4,960,000	4,960,000
Total	4,960,000	4,960,000

(a) Rights, preference, repayability and restriction, if any, on equity shares All general rights applicable as per Companies Act

(b) Reconciliation of number of shares outstanding at the beginning and end of the year

	31st March 2014		31st March 2013	
	Number	Value	Number	Value
Shares issued and subscribed at the beginning of the year	496,000	4,960,000	496,000	4,960,000
Shares issued and subscribed at the end of the year	496,000	4,960,000	496,000	4,960,000

(c) Details of shareholders holding more than 5% share in the company

Name of the Shareholder	31st March 2014		31st March 2012	
	Number	% holding	Number	% holding
Equity shares of Rs.10 each fully paid up - Shristi Housing Development Pvt.Ltd.	495,999	100%	495,999	100%

Note 3: Reserve & Surplus		
Profit & Loss account		
As per last balance Sheet	(4,326,285)	(4,326,285)
Total	(4,326,285)	(4,326,285)

Note 4: Long term borrowings

Unsecured Loan		
Loan from Holding Company (Interest free)	4,247,258	3,874,000
Total	4,247,258	3,874,000

Note 5: Current Liabilities and Provisions

Trade payable		
-Dues to Micro and Small Enterprises	843	40,500
-Dues to other than Micro and Small Enterprises	843	40,500
Total	843	40,500

Note 6: Other Current liabilities

Other Liabilities	11,236	10,118
Total	11,236	10,118

Note 7: Capital Work in Progress (Including pre-operative expenses pending allocation/charge off)

Land & Site Development	2,435,582	2,435,582
Administrative Expenses	265,718	180,554
Finance Cost	-113,804	(49,294)
Total	2,587,496	2,566,842

Note 8: Cash and cash equivalents

Cash in hand	675	815
Balance with Scheduled Banks - in Current accounts	28,917	279,222
Total	29,592	280,037

Note 9: Short term loans and advances

(Unsecured and Considered Good)		
Loans and advance to related parties	703,165	645,106
Other Loans & advances	322,799	316,348
Security Deposits	1,250,000	750,000
Total	2,275,964	1,711,454



S. S. Kothari

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VIPANI HOTELS & RESORTS PVT. LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

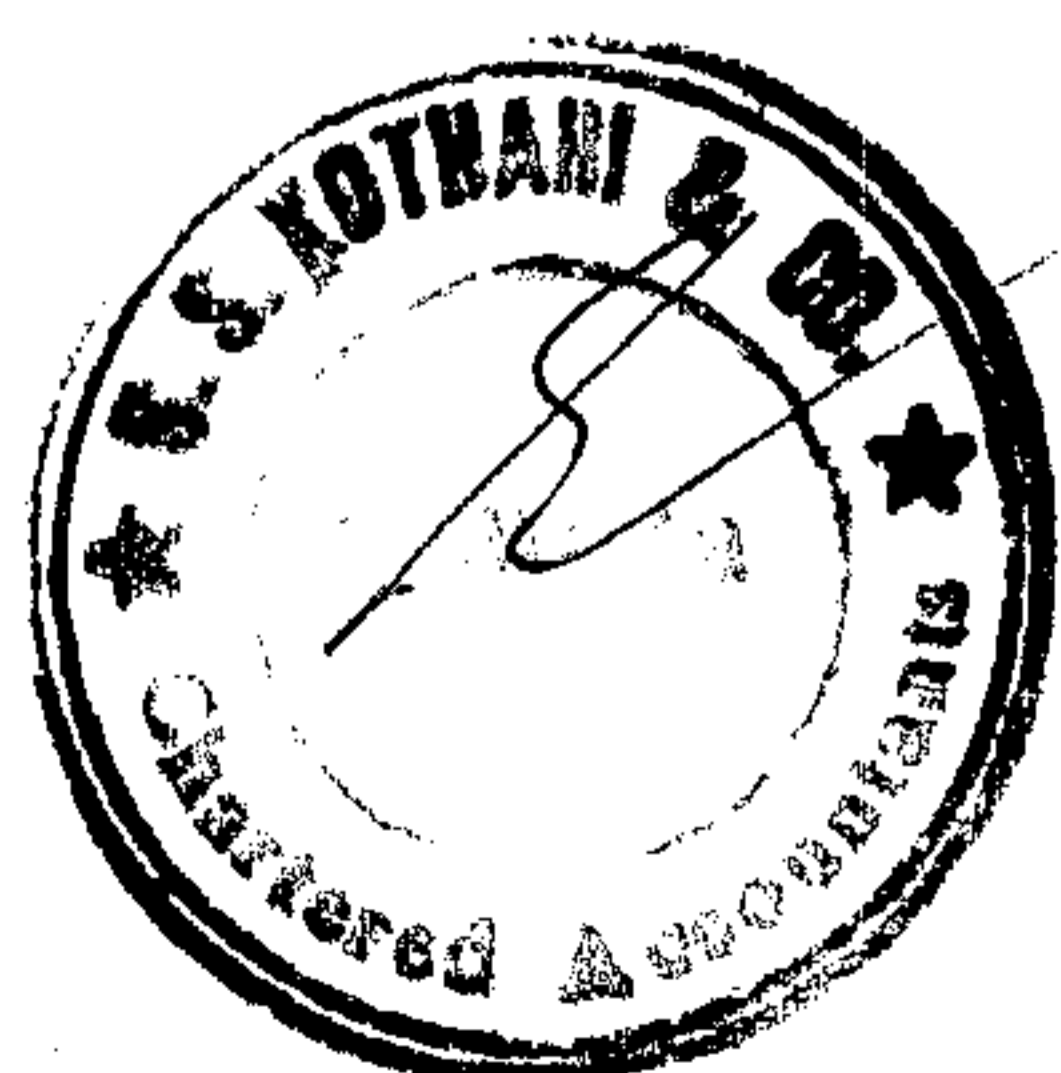
10. No Profit & Loss A/c has been prepared for the current year since the company has not commenced commercial operations.
11. The company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with Accounting Standards as applicable to a small and Medium Sized Company.
12. As the company does not have any employee at the end of year, therefore the company is statutorily not liable to make the provision for Gratuity and disclosure requirement as per Accounting Standard (AS) 15 (Revised 2005) "Employee benefits" is not applicable.
13. 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.
14. 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.

15. Related Party Transaction


As per Accounting Standard (AS) 18 "Related Party Disclosures", the company's related parties transactions are disclosed below:

- a. **List of Related parties & relationships where control exists:** Shristi Infrastructure Development Corporation Ltd. (Ultimate Holding Company)
Shristi Housing Development Pvt.Ltd. (Holding Company)
- b. **Transaction with Related Parties**

Sl. No.	Name of the Party	Nature of Transaction	Amount in Rs.	
			Current Year	Previous Year
1.	Shristi Infrastructure Development Corporation Ltd.	Closing Balance - Loan and Advances	7,03,165/-	6,45,106/-
2.	Shristi Housing Development Pvt. Ltd.	Closing Balance - Unsecured Loan	42,47,258/-	38,74,000/-



S.S. Kothari



16. Deferred Tax Assets and Liabilities

In accordance with the Accounting Standard (AS) 22 "Accounting for Taxes on Income", the company has certain amounts eligible to create Deferred Tax assets (DTA). However, in the absence of virtual certainty with regards to realization of DTA in the foreseeable future, the same has not been recognized.

17. The Company has re-classified the previous year figures in accordance with the requirements applicable in the current year as required by the revised Schedule VI of the Companies Act, 1956.

As per our report of even date

For S.S. Kothari & Co.
Firm Registration No.
Chartered Accountants



R.N Bardhan

Partner

Membership No.

Place: Kolkata

Dated: 23.05.2014

For & on behalf of the Board



Director



Director

