

INDEPENDENT AUDITORS' REPORT

To
**The Members of
VITTHAL HOSPITALITY PRIVATE LIMITED
CIN – U55101WB2006PTC112076**

We have audited the accompanying financial statements of **VITTHAL HOSPITALITY PRIVATE LIMITED** (“the Company”) which comprise the Balance Sheet as at 31st March 2015, 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

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 the 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 principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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 misstatements.

An audit involves performing procedure 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by 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 audit opinion on the financial statements.



Opinion

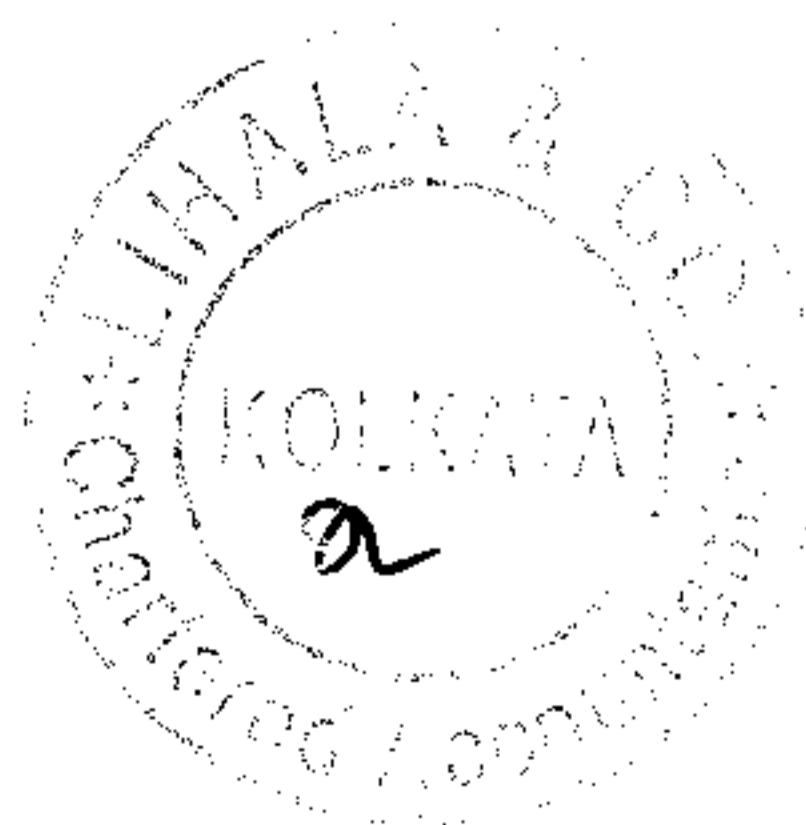
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its 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, 2015 (the order) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purpose of our audit;
 - b. In our opinion, proper books of accounts 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, 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 Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from directors of the Company as on 31st March, 2015 and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
 - f. 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 does not have any pending litigations which would impact its financial position.
 - ii. As represented by the company, there are no long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. As represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the Company.

Place: 11, Crooked Lane,
Kolkata – 700 069

Date: 25th day of May, 2015



For Lihala & Co.
Chartered Accountants
Firm Registration No. 315052E

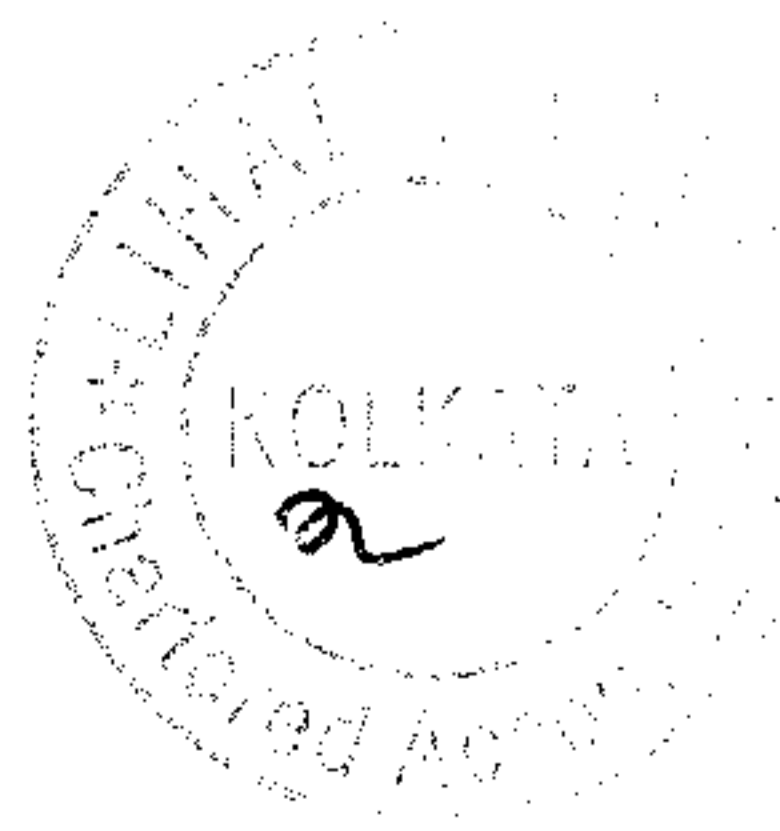
R. Lihala
Partner
M. No. 052138

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of **VITTHAL HOSPITALITY PRIVATE LIMITED** on the financial statement for the year ended 31st March, 2015, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. (a) The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of accounts
- iii. (a) The company has not granted or taken any loan secured or unsecured to or from companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly clause 3(iii)(a) and (b) of the order is not applicable.
- iv. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other materials statutory dues were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.



LIHALA & CO.

CHARTERED ACCOUNTANTS

11, Crooked Lane, Kolkata-700 069

Telefax : 2248-7109, 2243-5095

E-mail : lihalaco@yahoo.co.in


- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us there is no amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. The Company did not have any term loans outstanding during the year.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

Place: 11, Crooked Lane,
Kolkata – 700 069

Date: 25th day of May, 2015



For Lihala & Co.
Chartered Accountants
Firm Registration No. 315052E


R. Lihala
Partner
M. No. 052138

Vitthal Hospitality Pvt Ltd.
Balance Sheet as at March 31, 2015

Amount (in Rs.)

Particulars	Notes	Amount (in Rs.)	
		As at March 31, 2015	As at March 31, 2014
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	37,750,000	37,750,000
Reserve and Surplus	3	-	-
Non-Current Liabilities			
Long term borrowings	4	200,000,000	200,000,000
Current Liabilities			
Short term borrowings	5	65,422,317	77,370,317
Trade payable	6	1,231,888	827,939
Other Current liabilities	7	102,397,127	57,043,338
Total		406,801,332	372,991,594
II. ASSETS			
Non-current assets			
Fixed assets			
Land	8	12,627,546	12,627,546
Long term loans and advances		46,800	46,800
Other non-current assets	9	25,700	25,700
Current assets			
Inventories	10	390,399,689	354,562,665
Cash and cash equivalents	11	2,096,879	2,140,202
Short term loans and advances	12	1,604,719	3,588,681
Total		406,801,332	372,991,594
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For LIHALA & CO
Chartered Accountants


R. LIHALA
Partner
Membership No. 52138



For and on behalf of the Board


Badri Kumar Tulsyan
Director
02447595


Abhishek Bhardwaj
Director
03459739

Place : 11, CROOKED LANE, KOLKATA - 700 069
Date : 25.05.2015

Vitthal Hospitality Pvt Ltd.

Statement of Profit & Loss for the year ended 31st March, 2015


	Notes	31-Mar-15 Amount (in Rs.)	31-Mar-14 Amount (in Rs.)
III. INCOME			
Revenue from operations			-
Total		-	-
IV. EXPENDITURE			
(Increase) / Decrease in Inventories	13	(35,837,023)	(38,226,032)
Direct Project Expense	14	3,532,468	6,637,184
Employee Benefit Expense	15	2,591,593	3,713,629
Finance Costs	16	25,658,037	24,778,256
Depreciation and Amortisation Expense	6	-	-
Other Expense	17	4,054,925	3,096,963
Total		-	-
Profit before Tax			
V. Profit/(Loss) before exceptional and extraordinary items and tax	(III - IV)	-	-
VI. Exceptional items			
VII. Profit before extraordinary items and tax	(V - VI)	-	-
VII. Extraordinary Items			
IX. Profit before tax	(VII - VIII)	-	-
X. Tax Expense:-			
- Current tax		-	-
- Income tax for Earlier Years		-	-
- MAT Credit Entitlement		-	-
- Deferred tax		-	-
XI. Profit/(Loss) of the period from Continuing operation after tax	(IX - X)	-	-
XII. Profit/(Loss) from Discontinuing operation			
XIII. Tax expense of discounting operation			
XIV. Profit/(Loss) from Discontinuing operations(XII - XIII)			
XV. Profit/(Loss) for the period (XI - XIV)		-	-
XVI. Earning per Equity Share (Face value of Rs. 10 each)			
(1) Basic			
(2) Diluted			


For LIHALA & CO
Chartered Accountants


R. LIHALA
Partner
Membership No. 52138



For and on Behalf of the Board


Badri Kumar Tulsyan
Director
02447595


Abhishek Bhardwaj
Director
03459739

Place : 11, CROOKED LANE, KOLKATA - 700 069
Date : 25.05.2015

Vitthal Hospitality Pvt Ltd.
Cash Flow Statement for the year ended March 31, 2015

Particulars	March 31, 2015 Amount (Rs.) Nil	March 31, 2014 Amount (Rs.) Nil
CASH FLOW OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxation and Extraordinary activities	-	-
Adjustments for Profit & Loss A/c		
Increase / (Decrease) in depreciation		
 Operating Profit Before Working Capital Changes		
Adjustments for:		
(Increase) / Decrease in Trade Receivable	-	-
(Increase) / Decrease in Inventories	(35,837,023)	(38,226,032)
(Increase) / Decrease in Loan & Advances	1,983,962	5,136,396
Increase / (Decrease) in Short Term Borrowings	(11,948,000)	8,857,317
Increase / (Decrease) in Trade Payable	403,949	(298,376)
Increase / (Decrease) in Other Current Liabilities	45,353,789	22,873,516
Net Cash From Operating Activities	(43,323)	(1,657,179)
 B. CASH OUTFLOW		
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/ Sale of Fixed Assets	-	-
Preliminary Expenses	-	-
(Purchase)/ Sale of Investments	-	-
 C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issue of Shares	-	-
Increase / (Decrease) in Long term borrowings	-	-
 D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(43,323)	(1,657,179)
Opening Cash and cash equivalents	2,140,202	3,797,381
Closing Cash and cash equivalents	2,096,879	2,140,202
Closing Cash and cash equivalents as per Balance Sheet	2,096,879	2,140,202

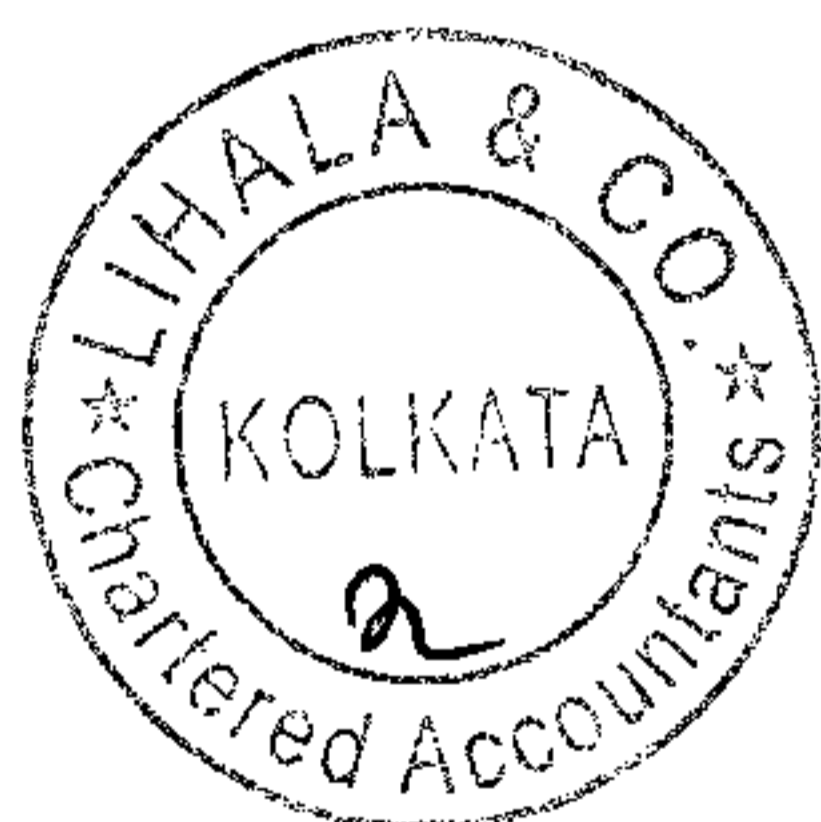
Note:

1 Figures in brackets denote cash outflow

For LIHALA & CO
Chartered Accountants



R. LIHALA
Partner
Membership No. 52138



for and on behalf of the Board



Badri Kumar Tulsyan
Director
02447595



Abhishek Bhardwaj
Director
03459739

Place : 11, CROOKED LANE, KOLKATA - 700 069

Date : 25.05.2015

Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2015

Note -1: Significant Accounting Policies & Practices

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of Accounting

The Company prepares its financial statements in accordance with generally accepted accounting practices and also in accordance with requirements of Companies Act, 2013.

1.2 Fixed Assets:

Land is stated at cost of acquisition plus other attributable expenditure. Cost of land shall be amortized in proportion to the percentage of completion of the total project upon recognition of revenue.

1.3 Revenue Recognition

Income from construction activities shall be provided on the basis of percentage of completion method, i.e if the completion of the project is more than 25% of the project cost as well as Sales of more than 25% of the total Sales Value is achieved.

1.4 Miscellaneous Expenditure

Miscellaneous Expenditure to the extent not written off is carried forward to be charged to revenue over five years starting from the year of commencement of commercial activity.

1.5 Contingent Liability

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the balance sheet date and a reasonable estimate of the revenue loss can be made. However, all known material contingent liabilities are disclosed by way of separate note.



Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2015

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
NOTE - 2		
Share Capital		
Authorised :		
40,00,000 (P.Y 40,00,000) Equity Shares of Rs.10/- each	40,000,000	40,000,000
Issued, Subscribed & Paid-Up:		
37,75,000 (PY 37,75,000) Equity Shares of Rs.10/- each fully paid up in cash	37,750,000	37,750,000
	37,750,000	37,750,000

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

Particulars	March 31, 2015		March 31, 2014	
	Number	Value	Number	Value
As at the beginning of the year	3,775,000	37,750,000	3,775,000	37,750,000
As at the end of the year	3,775,000	37,750,000	3,775,000	37,750,000

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

Name of the shareholder	March 31, 2015		March 31, 2014	
	Number	% holding	Number	% holding
Equity shares of Rs10 each fully paid				
- Shristi Housing Dev. Ltd. and its nominees	3,775,000	100.00%	3,774,900	99.99%

NOTE - 3

Reserve & Surplus

Profit & Loss

Balance B/F from previous year

-

Add: Profit for the year

-

-

NOTE - 4

Long term borrowings

Secured

Srei Infrastructure Finance Limited

200,000,000

(First Pari Passu charge by way of hypothecation of entire project assets and project receivables including stores, spares, tools and accessories)

(repayable at the end of the 5th year from the date of disbursement)

200,000,000

NOTE - 5

Short term borrowings

Unsecured

From Holding Company

65,422,317

65,422,317

NOTE - 6

Trade Payable

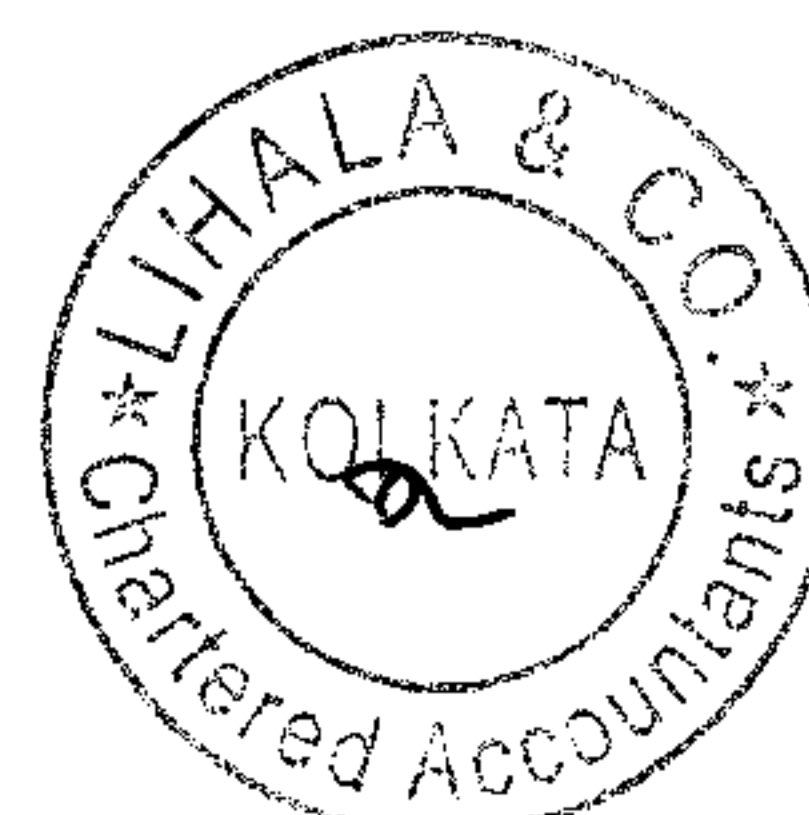
-Dues to Micro and Small Enterprises

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-Dues to other than Micro and Small Enterprises

1,231,888

1,231,888



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Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2015

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
NOTE - 7		
Other Current liabilities		
Income received in Advance	74,906,314	53,720,138
Corpus Deposit	615,390	404,422
Salary Payable	164,956	360,968
Service Tax Payable	256,366	439,641
Interest Payable to Srei	25,253,875	-
TDS Payable	414,413	1,199,861
Others	785,813	918,308
	102,397,127	57,043,338

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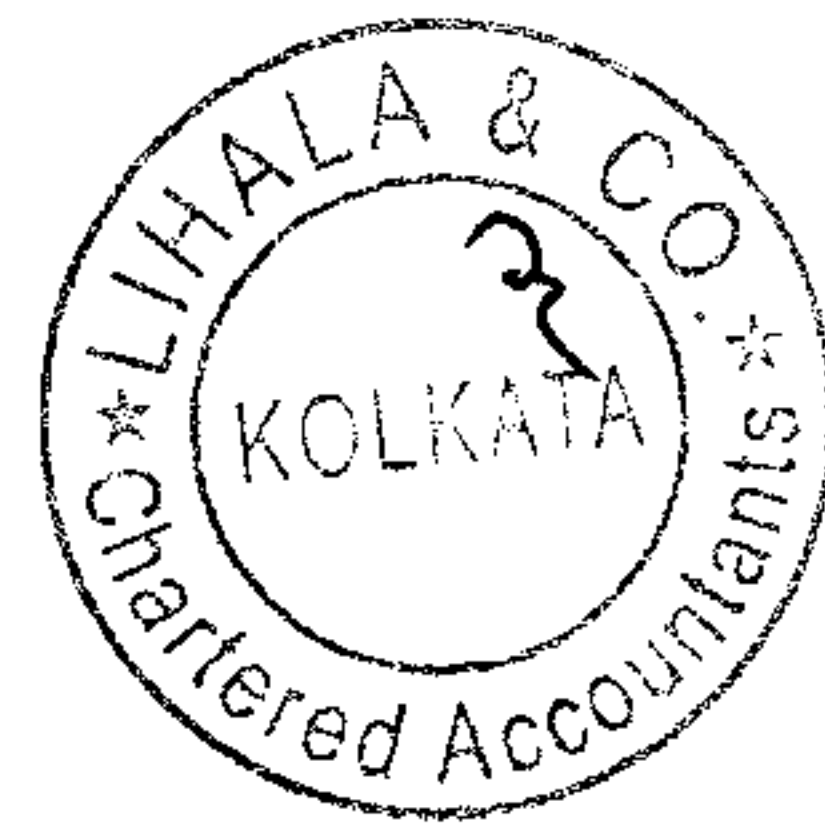
VITTHAL HOSPITALITY PRIVATE LIMITED

Note - 8

(Figures in Rs.)

Capital Work in Progress

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2014	Additions	Deduction/ Adjustments	As at 31.03.2015	As at 01.04.2014	Deprn. for the year	As at 31.03.2015	As At 31.03.2015	As At 31.03.2014
Land	12,627,546	-	-	12,627,546	-	-	-	12,627,546	12,627,546
Total	12,627,546	-	-	12,627,546	-	-	-	12,627,546	12,627,546
Pervious Year	12,627,546	-	-	12,627,546	-	-	-	12,627,546	-



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Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2015

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
NOTE - 9		
Other Non Current Assets		
Preliminary Expenses	25,700	25,700
	<u>25,700</u>	<u>25,700</u>
NOTE - 10		
Inventories (at Cost)		
Project Work in Progress (As certified by management)	390,399,689	354,562,665
	<u>390,399,689</u>	<u>354,562,665</u>
NOTE - 11		
Cash and cash equivalents		
Cash-in-hand	5,815	18,937
Imprest A/c	(56,883)	(9,688)
Balances with schedule banks - in Current Accounts	2,147,947	2,130,953
	<u>2,096,879</u>	<u>2,140,202</u>
NOTE -12		
Short term loans and advances		
Unsecured, considered good		
Pavilion Hospitality Pvt Ltd	-	2,188,580
Prepaid Exp	-	38,633
Advance recoverable cash or kind	456,180	445,323
Advance to vendors	1,148,539	916,145
	<u>1,604,719</u>	<u>3,588,681</u>
Note - 13		
Increase/(Decrease) in Inventories		
Closing Stock		
Project Work in Progress	390,399,689	354,562,665
Less: Opening Stock		
Project Work in Progress	354,562,665	316,336,633
	<u>35,837,023</u>	<u>38,226,032</u>
Note - 14		
Direct Project Expenses		
Construction Expenses	3,532,468	6,637,184
	<u>3,532,468</u>	<u>6,637,184</u>
Note - 15		
Employee benefit expense		
Staff cost	2,591,593	3,713,629
	<u>2,591,593</u>	<u>3,713,629</u>



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Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2015

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Note - 16		
Finance cost		
Interest -to Body Corporates	25,658,037	24,778,256
	<u>25,658,037</u>	<u>24,778,256</u>
Note - 17		
Other expense		
Professional Fees	55,000	68,328
Travelling & Conveyance	374,353	449,578
Printing & Stationery	9,402	5,416
Filing Fees	4,546	7,420
Insurance Premium	9,168	37,771
Audit Fees	7,865	7,865
Administrative Exp.	3,594,591	2,520,584
	<u>4,054,925</u>	<u>3,096,963</u>



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Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2015

18. Since the company has not yet sold 25% of its saleable area, sales is not yet recognized and all the expenses related to the projects including administrative expenses are treated as Project Work In Progress.

19. The Company has not paid any Managerial remuneration to any of the Directors for the period.

20. Contingent liabilities: Nil.

21. Related Party Transactions

As per the Accounting Standard – 18, issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions with them have been discussed below:

a. List of related parties & relationships, where control exists:

Holding company of Reporting Enterprise
Shristi Housing Development Limited.(SHDL)

b. Transactions with Related Parties:

Relationship	Nature of Expenses Amount	Current Year (Rs.)	Previous Year (Rs.)
Holding company (SHDL)	Short Term Advance		
	Opening balance	7,73,70,317	6,85,13,000
	Received during the year	90,48,000	2,34,27,683
	Paid during the year	2,09,96,000	3,22,85,000
	Closing Balance	6,54,22,317	7,73,70,317
	Interest	Nil	Nil

22. The Company has no amount due to suppliers under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) as at 31.03.2015.

23. Expenditure in Foreign currency Rs Nil (Previous Year Rs. Nil).



Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2015

24. The Company has identified real estate construction as its sole operating segment and the same has been treated as the primary segment. As such no separate segment information has been provided.
25. During the year the company has changed the status of the project from Capital Work in Progress to Current Assets.
26. Since the company is not having any timing difference and permanent difference as prescribed under Accounting Standard – 22 issued by ICAI hence, provision of Deferred Tax is not required.
27. Previous Year figures have been re-grouped, re-classified and re- structured where ever necessary.

For Lihala & Co.
Chartered Accountants

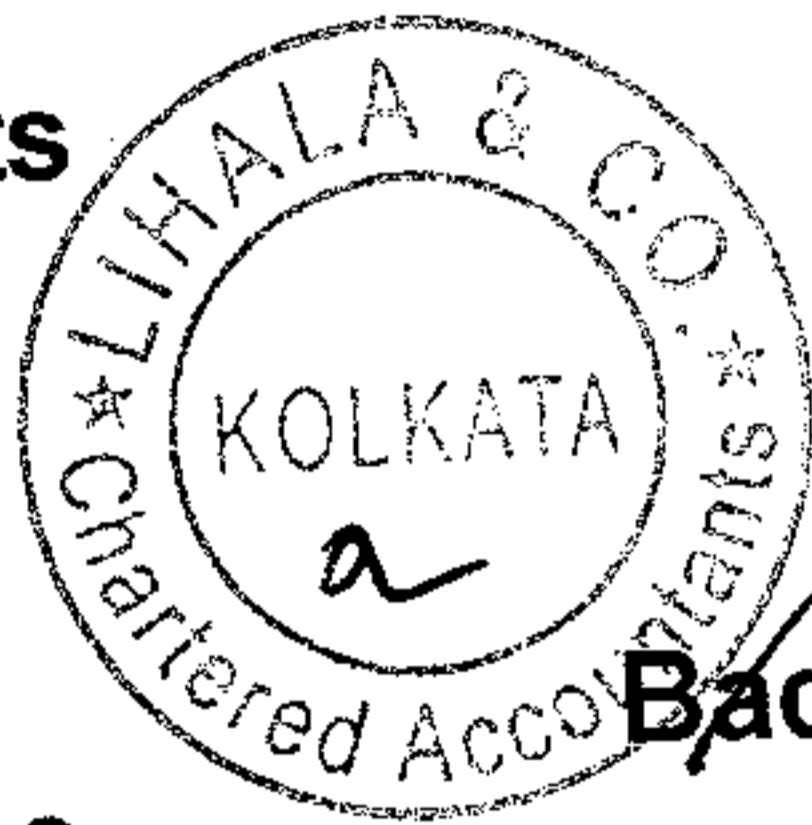

(R Lihala)

Partner

Membership No. 052138

Place: Kolkata

Date: 25.05.2015




Badri Kumar Tulsyan
Director
02447595

For and on behalf of the Board


Abhishek Bhardwaj
Director
03459739