

AUDITORS' REPORT

To
The Members of
VITTHAL HOSPITALITY PRIVATE LIMITED
CIN – U55101WB2006PTC112076

We have audited the accompanying financial statements of **VITTHAL HOSPITALITY PRIVATE LIMITED (CIN – U55101WB2006PTC112076)**, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and 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 and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956(the Act) which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs. 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 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the 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 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:

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



(2)

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 said 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 accounts as required by law have been kept by the Company, so far as it appears from our examination of these books;
 - c. The Balance Sheet, the Statement of Profit and Loss, 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs;
 - e. On the basis of the written representations received from directors of the Company as at 31st March, 2014 and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: 11, Crooked Lane,
Kolkata – 700 069

Date: 24th day of May, 2014



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


R. Lihala
Partner
M. No. 52138

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in report of the Auditors' to the Members of **VITTHAL HOSPITALITY PRIVATE LIMITED** on the account for the year ended 31st March, 2014, 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 physically verified its fixed assets. No material discrepancies were noticed on such verification.
(c) No fixed assets has been disposed off during the year.
- 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 301 of the Companies Act, 1956. Accordingly clause 4(iii)(b) to (e) of the order are 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 for the purchase and sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
- v. The company has not entered into any transaction with the parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- vi. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from Public under section 58A and 58 AA of the Companies Act, 1956.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. In our opinion, and according to the information and explanations given to us, maintenance cost records under Section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government in case of this company.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other dues applicable to it.
(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax/custom duty/wealth tax/cess/excise duty were outstanding as at 31.03.2014 for a period of more than six months from the date they become payable.



(2)

- x. In our opinion, the company did not have accumulated losses. The company has not incurred any cash losses during the financial year covered by our audit. Neither in the immediately preceding financial year company has suffered any cash loss.
- xi. The company has not defaulted in repayment of dues to bank during the year. The company has not issued any debenture during the year.
- xii. According to the information and 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. In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore the provision of clause 4 (xiii) of the Companies (Auditors Report) (Amendment) Order, 2004 are not applicable to the company.
- xiv. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records. We also report that the company has held the shares, securities, debentures and other securities in its own name.
- xv. In our opinion, the company has not given any guarantee for loan taken by others from bank and financial institutions.
- xvi. The company has not taken any term loan during the year.
- xvii. According to the information and explanations given to us, the funds raised on short term basis have not been used for long term investment.
- xviii. According to information given to us, 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.
- xix. The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place: 11, Crooked Lane,
Kolkata – 700 069

Date: 24th day of May, 2014



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

R. Lihala
Partner
M. No. 52138

Vitthal Hospitality Pvt Ltd.
Balance Sheet as at March 31, 2014

Amount (in Rs.)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
I. 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	77,370,317	68,513,000
Trade payable	6	827,939	1,126,315
Other Current liabilities	7	57,043,338	34,169,822
Total		372,991,594	341,559,137
II. ASSETS			
Non-current assets			
Fixed assets			
Land	8	12,627,546	12,627,546
Long term loans and advances		46,800	306,800
Other non-current assets	10	25,700	25,700
Current assets			
Inventories	11	354,562,665	316,336,633
Cash and cash equivalents	12	2,140,202	3,797,381
Short term loans and advances	13	3,588,681	8,465,077
Total		372,991,594	341,559,137
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

Director

Director

Place : 11, CROOKED LANE, KOLKATA - 700 069

Date : 24/05/2014

Vitthal Hospitality Pvt Ltd.

Statement of Profit & Loss for the year ended 31st March, 2014

	Notes	31-Mar-14 Amount (in Rs.)	31-Mar-13 Amount (in Rs.)
III. INCOME			
Revenue from operations			-
Total		-	-
IV. EXPENDITURE			
(Increase) / Decrease in Inventories	14	(38,226,032)	(38,184,396)
Direct Project Expense	15	6,637,184	6,526,068
Employee Benefit Expense	16	3,713,629	3,139,613
Finance Costs	17	24,778,256	25,367,964
Depreciation and Amortisation Expense	8	-	-
Other Expense	18	3,096,963	3,150,751
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			

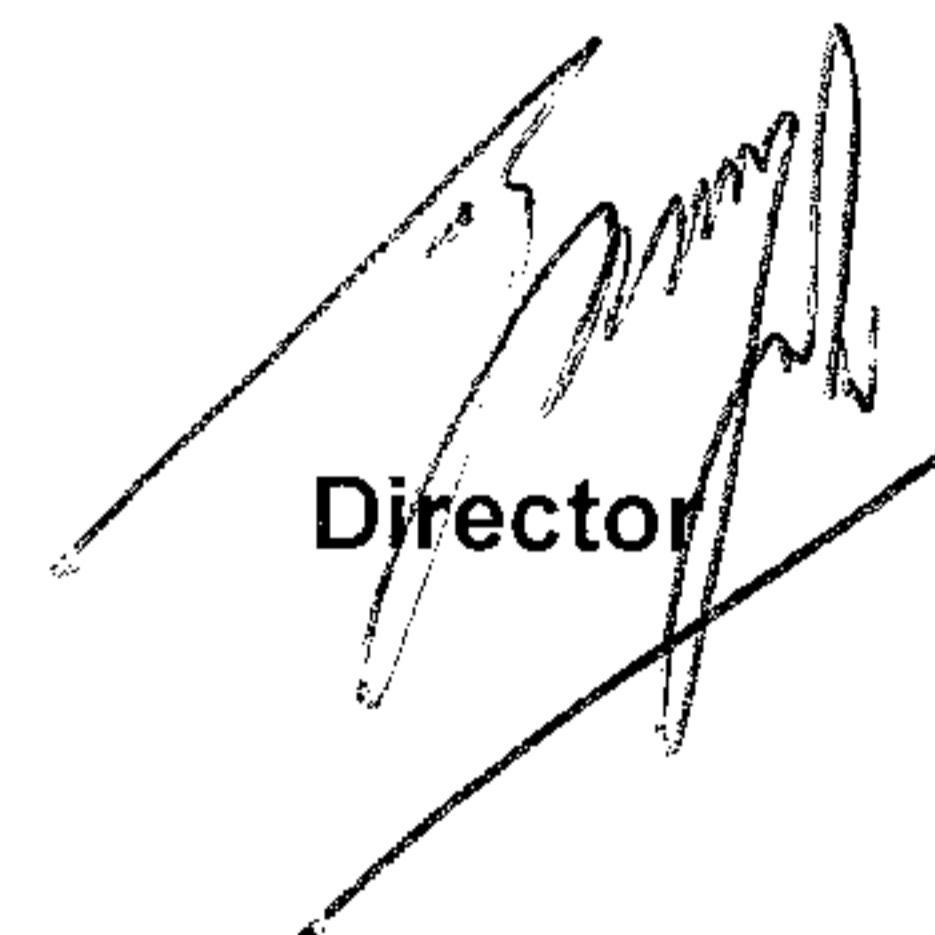
For LIHALA & CO
Chartered Accountants



R. LIHALA
Partner
Membership No. 52138



For and on Behalf of the Board


Director


Director

Place : 11, CROOKED LANE, KOLKATA - 700 069

Date : 24/05/2014

Vitthal Hospitality Pvt Ltd.
Cash Flow Statement for the year ended March 31, 2014

Particulars	March 31, 2014 Amount (Rs.)	March 31, 2013 Amount (Rs.)
A. CASH FLOW OPERATING ACTIVITIES	Nil	Nil
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	(38,226,032)	(38,184,396)
(Increase) / Decrease in Loan & Advances	5,136,396	240,300
Increase / (Decrease) in Short Term Borrowings	8,857,317	18,366,000
Increase / (Decrease) in Trade Payable	(298,376)	1,011,324
Increase / (Decrease) in Other Current Liabilities	22,873,516	21,630,457
Net Cash From Operating Activities	(1,657,179)	3,063,685
B. CASH OUTFLOW		
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/ Sale of Fixed Assets	-	-
Preliminary Expenses	-	-
(Purchase)/ Sale of Investments	-	250,000
	-	250,000
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)	(1,657,179)	3,313,685
Opening Cash and cash equivalents	3,797,381	483,696
Closing Cash and cash equivalents	2,140,202	3,797,381
Closing Cash and cash equivalents as per Balance Sheet	2,140,202	3,797,381

Note:
1 Figures in brackets denote cash outflow

For **R. LIHALA & CO**
Chartered Accountants

R. LIHALA
Partner
Membership No. 52138



for and on behalf of the Board

Director

Director

Place : 11, CROOKED LANE, KOLKATA - 700 069

Date : 24/05/2014

Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2014

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, 1956.

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

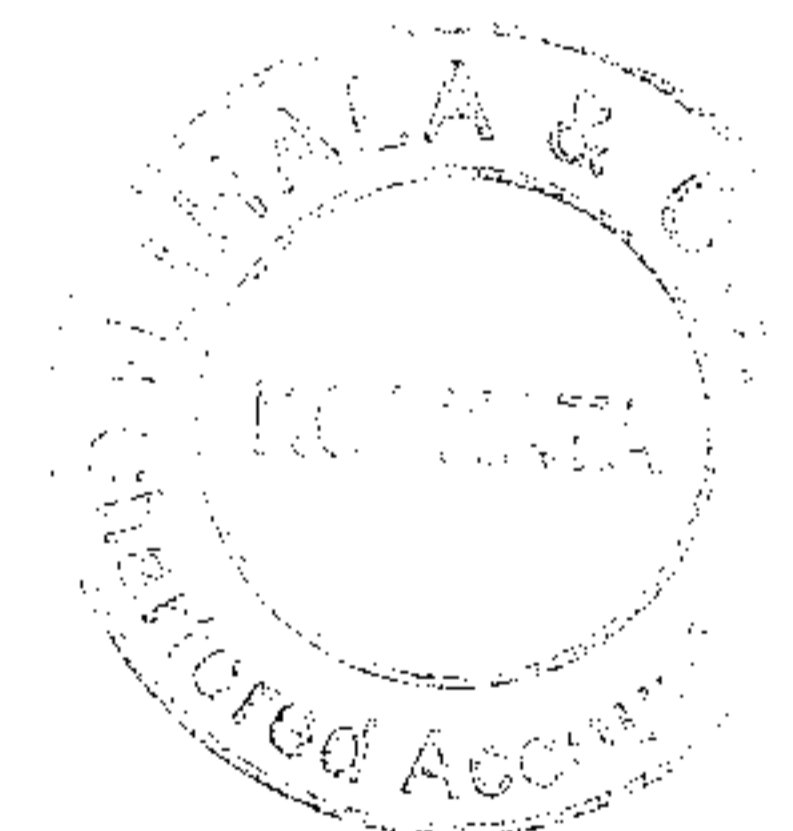
Miscellaneous Expenditure to the extent not written off is carried forward to be charged to revenue over five years starting from the year of commencement of commercial activity.

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.



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Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2014

	March 31, 2014 (Rs.)	March 31, 2013 (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, 2014		March 31, 2013	
	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, 2014		March 31, 2013	
	Number	% holding	Number	% holding
Equity shares of Rs10 each fully paid - Shristi Housing Dev. Ltd. and its nominees	3,774,900	99.99%	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 (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	200,000,000
	200,000,000	200,000,000

NOTE - 5

Short term borrowings
Unsecured

From Holding Company	77,370,317	68,513,000
	77,370,317	68,513,000

NOTE - 6

Trade Payable

-Dues to Micro and Small Enterprises	-	-
-Dues to other than Micro and Small Enterprises	827,939	1,126,315
	827,939	1,126,315



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Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2014

NOTE - 7

Other Current liabilities

Income received in Advance
Corpus Deposit
Salary Payable
Service Tax Payable
TDS Payable
Others

	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Income received in Advance	53,720,138	29,024,875
Corpus Deposit	404,422	137,722
Salary Payable	360,968	416,281
Service Tax Payable	439,641	673,804
TDS Payable	1,199,861	2,551,295
Others	918,308	1,365,845
	57,043,338	34,169,822



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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 01.04.2013	Additions	Deduction/ Adjustments	As at 31.03.2014	As at 01.04.2013	Deprn. for the year	As at 31.03.2014	As At 31.03.2014	As At 31.03.2013
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, 2014

	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
NOTE - 9		
Non Current Investments		
(Fully paid unless otherwise specified)		
- In Equity Shares, Unquoted Pavilion Hospitality Private Limited		-
	-	-
NOTE - 10		
Other Non Current Assets		
Preliminary Expenses	25,700	25,700
	25,700	25,700
NOTE - 11		
Inventories (at Cost)		
Project Work in Progress (As certified by management)	354,562,665	316,336,633
	354,562,665	316,336,633
NOTE - 12		
Cash and cash equivalents		
Cash-in-hand	18,937	8,706
Imprest A/c	(9,688)	178,090
Balances with schedule banks - in Current Accounts	2,130,953	3,610,585
	2,140,202	3,797,381
NOTE -13		
Short term loans and advances		
Unsecured, considered good		
Pavilion Hospitality Pvt Ltd	2,188,580	2,267,268
Prepaid Exp	38,633	38,633
Advance recoverable cash or kind	445,323	510,891
Advance to vendors	916,145	5,648,285
	3,588,681	8,465,077
Note - 14		
Increase/(Decrease) in Inventories		
Closing Stock		
Project Work in Progress	354,562,665	316,336,633
Less: Opening Stock		
Project Work in Progress	316,336,633	278,152,237
	38,226,032	38,184,396
Note - 15		
Direct Project Expenses		
Construction Expenses	6,637,184	6,526,068
	6,637,184	6,526,068
Note - 16		
Employee benefit expense		
Staff cost	3,713,629	3,139,613
	3,713,629	3,139,613






Vitthal Hospitality Pvt Ltd.
Notes to financial statements for the year ended 31st March, 2014

	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Note - 17		
Finance cost		
Interest -to Body Corporates	24,778,256	25,367,964
	24,778,256	25,367,964
Note - 18		
Other expense		
Professional Fees	68,328	906,640
Travelling & Conveyance	449,578	716,158
Printing & Stationery	5,416	87,894
Filing Fees	7,420	2,779
Insurance Premium	37,771	
Audit Fees	7,865	8,009
Administrative Exp.	2,520,584	1,429,271
	3,096,963	3,150,751



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Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2014

19. 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.

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

21. Contingent liabilities: Nil.

22. 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. Related parties & relationships with whom transactions have taken place during the year:

- i. Key Management Personnel
Mr. Badri Kr. Tulsyan: Director
Mr. Rahul Varma Director
Mr. Abhishek Bhardwaj Director

c. Transactions with Related Parties:

Relationship	Nature of Expenses Amount	Current Year (Rs.)	Previous Year (Rs.)
Holding company (SHDL)	Short Term Advance		
	Opening balance	6,85,13,000	5,01,47,000
	Received during the year	2,34,27,683	2,94,66,000
	Paid during the year	3,22,85,000	1,11,00,000
	Closing Balance	7,73,70,317	6,85,13,000
	Interest	Nil	Nil

23. The Company has no amount due to suppliers under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) as at 31.03.2014.

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



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Vitthal Hospitality Pvt Ltd.

Notes to Financial Statements for the year ended 31st March, 2014

25. 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.
26. During the year the company has changed the status of the project from Capital Work in Progress to Current Assets.
27. 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.
28. Previous Year figures have been re-grouped, re-classified and re-structured where ever necessary.

**For Lihala & Co.
Chartered Accountants**


**(R Lihala)
Partner**

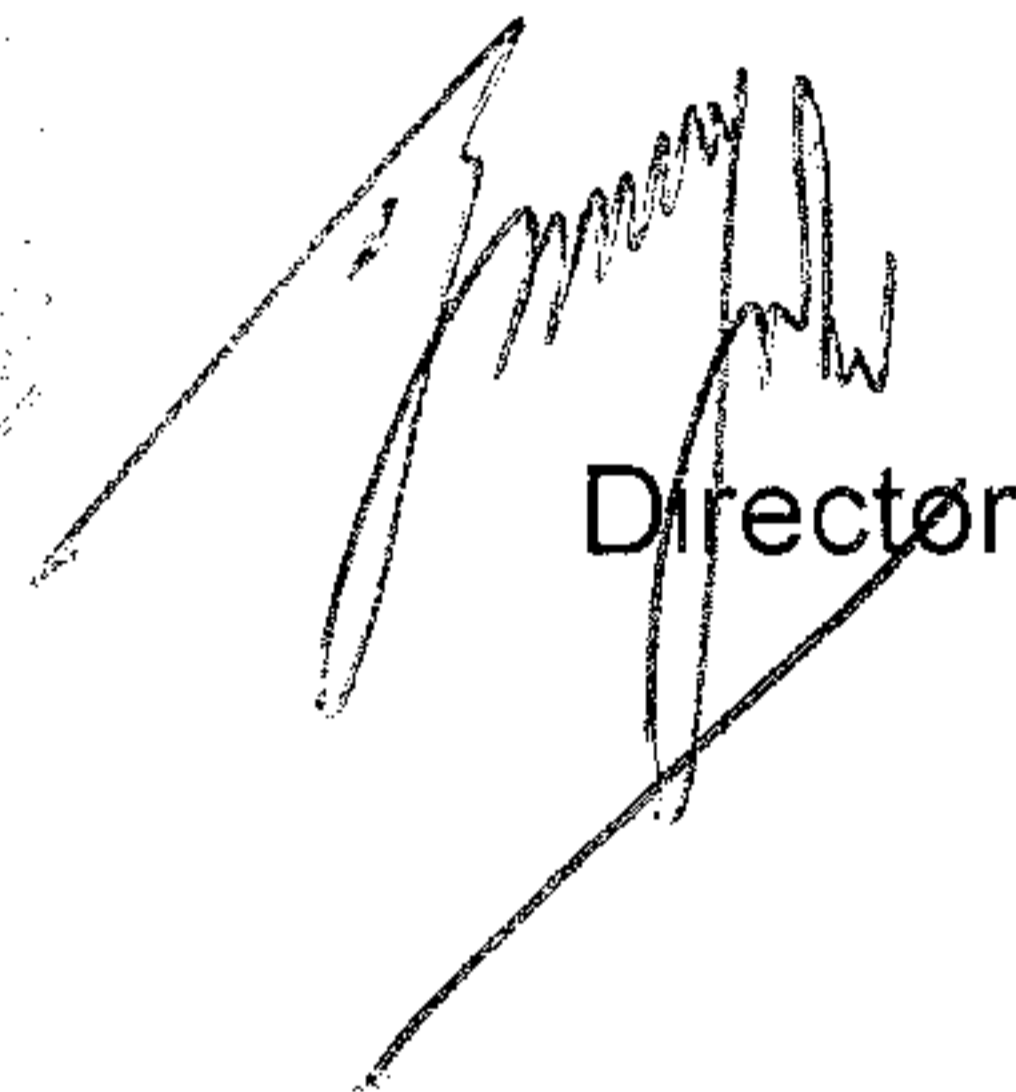
Membership No. 052138

Place: Kolkata

Date: 24/05/2014

For and on behalf of the Board




Director


Director