



INDEPENDENT AUDITOR'S REPORT

To the Members of
NARAYAN REALTY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **NARAYAN REALTY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 notified under 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 and in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

Auditors Responsibility

3. 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.
4. 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. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

6. 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 Profit and Loss Account, of the profit / loss for the year ended on that date; and

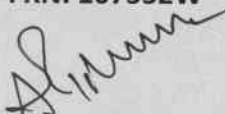
Emphasis of Matter

7. We draw attention to certain income tax and other matters which explained in more details in "Annexure to Paragraph 1 Point 9 (b)". These matters are currently pending in litigations at different levels and there exists uncertainty in respect of the final resolution of these material matters, and the resultant financial adjustments if any, will be recorded in the periods in which these matters are resolved. Our audit report is not qualified in respect of this matters.

Report on Other Legal and Regulatory Requirements

8. 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.
9. 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 Statement of Profit and Loss 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, comply with the Accounting Standards notified under 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
 - 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 K.K. Parikh & Co.
Chartered Accountants
FRN: 107552W


(Kishor Parikh)

Proprietor

Membership No. : 039213

Place: Baroda

Date: 10/07/2014



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of NARAYAN REALTY LIMITED On the accounts of the company 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:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the company and the nature of its assets.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (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 not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken Business advances / unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum outstanding amount during the year is Rs. 22,23,38,349/- and the yearend balance of loan Taken from them is Rs. 10,24,05,358/-.

(f) In absence of stipulation for terms of repayment of the said loans we are unable to opine as to regularity of the repayment of such loans.



(g) In our opinion the rate of interest and the terms and conditions of unsecured loans, are not prima facie prejudicial to the interest of the Company;

(h) In absence of specific terms for repayment of the said loans and according to the information and explanations given to us, the management considers that the amount referred to in clause 3(b) above is not overdue.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) Where each of such transaction (excluding loans reported under paragraph (3) above) is in excess of Rs. 5 Lakh in respect of any party, the transactions have been made at the prices which are prima facie reasonable having regard to the prevailing market prices wherever applicable, at the relevant time. The amount involved during the year is Rs. 8,74,79,695/-.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, 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 to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.



(b) There are no amounts in respect of Sales tax, Income tax, Customs Duty, Wealth tax, Excise Duty, Cess and Service Tax, that have not been deposited with the appropriate account of any dispute, except for the amounts mentioned below:

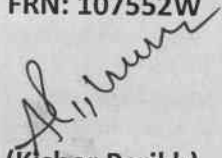
Name of the Statue	Nature of Dues	Demand Amount (Rs. In Lakh)	Amount Paid (Rs. In Lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand Made u/s. 271(1)(C)	128.19	-	Asst. Year. 2009-2010	Appeal has been file to Commissioner of Income Tax (Appeal).
Income Tax Act, 1961	Demand Made u/s. 143(3)	173.24	-	Asst. Year. 2009-2010	Appeal has been dismissed and is Allowed in the favor of Assessee
Income Tax Act, 1961	Demand Made u/s. 143(3)	221.56	-	Asst. Year. 2010-2011	Appeal has been dismissed and is Allowed in the favor of Assessee
Income Tax Act, 1961	Demand Made u/s. 143(3)	36.64	-	Asst. Year. 2011-2012	Appeal has been dismissed and is Allowed in the favor of Assessee

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. 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. Accordingly the provisions of clause 4 (xii) of the Order are not applicable.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.



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16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
 17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
 18. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the order are not applicable.
 19. The Company has no outstanding debentures during the period under audit.
 20. The Company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable.
 21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For K.K. Parikh & Co.
Chartered Accountants
FRN: 107552W


(Kishor Parikh)

Proprietor

Membership No. : 039213

Place: 10/07/2014

Date: Baroda

