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INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
Takshashila Realties Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **TAKSHASHILA REALTIES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended on that date and a summary of the 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 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 the 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 judgments 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

Basis for Qualified Opinion

The Company has an amount of Rs. 10,52,23,495/- as advance from Hotel Snowpeak Private Limited pursuant to a binding agreement to sale Hotel premises. This amount is treated as advance against sale of Hotel and included under the head Other Current Liability in the Balance Sheet. In absence of confirmation of the account balance from Hotel Snowpeak Private Limited and alternatively we are unable to confirm the amount shown as outstanding in the party's account.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matter described in Basis of Qualified Opinion paragraph, 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, 2016, and its Loss and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to

a) Note no. 5(d) to the financial statements, regarding classification of Company's Term Loan Facilities with Indian Overseas Bank and Punjab National Bank as Non-Performing Assets by the said banks with effect from 30th September 2015.

b) Note no. 27 to the financial statements, regarding Show Cause Notice for raising demand of commercial tax for ₹ 12,03,63,140/- issued by the Commercial Tax Department pursuant to search conducted on company's premises as per the provisions of Gujarat Value Added Tax Act, 2003 during the year.

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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, We give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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Ahmedabad

2. As required by Section 143 (3) of the Act, We report that:

(a) We have sought and except for the possible effects of matter described in Basis of Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, except for the possible effects of matter described in Basis of Qualified Opinion paragraph, proper books of account 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, 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, except for the possible effects of matter described in Basis of Qualified Opinion paragraph, the aforesaid financial statements comply with the Accounting Standards specified under 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 the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

(g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;

(ii) The Company did not have any long term contracts including derivative contracts for which there were material foreseeable losses;

(iii) There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

For Ajay J. Shah & Co.
Chartered Accountants
Firm Registration No. : 114262W

CHARTERED ACCOUNTANTS AJAY J. SHAH & CO. M. NO. 32793 Ahmedabad

Place: Ahmedabad

Ajay J. Shah
Proprietor
Membership No. 032793

Date:

ANNEXURE – A

TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report on Financial Statements of Takshashila Realties Private Limited of even date)

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) Inventory comprises finished residential units, land, work-in-progress and construction and development material. Inventory of finished residential units and land have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies were noticed during the physical verification.

(iii) The Company has not granted loans, secured or unsecured to companies, firms, Limited Liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, clause 3 of the said Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanation given to us, the Company has complied with the provisions of sections 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the services provided by the company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is irregular in depositing the Undisputed Statutory Dues, including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Value Added Tax with appropriate authorities on many occasions.

The Details of undisputed statutory dues payable as at March 31, 2016 for a period more than six months from the date they become payable are as under:

ANNEXURE – A
TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report on Financial Statements of Takshashila Realties Private Limited of even date)

Sr. No.	Name of Statute	Amount ₹
1	Tax Deducted at Source	19,500
2	Provident Fund	51,415
3	Professional Tax	17,642
4	Employee State Insurance Corporation	28,312
5	Value Added Tax (Sales Tax)	1,881
6	Luxury Tax	20,04,012
	Total	**21,22,763**

(b) According to the information and explanations given to us and the records of the Company examined by us, the details of disputed statutory dues that have not been deposited on account of dispute are as under.

Sr. No.	Name of Statute	Nature of dues	Amount (In Lacs ₹)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	23.76	2009-10	Income Tax Appellate Tribunal
2	Income Tax Act, 1961	Income tax	307.63	2010-11	Income Tax Appellate Tribunal
3	Income Tax Act, 1961	Income tax	278.37	2011-12	Income Tax Appellate Tribunal

(viii) According to information and explanation given to us, the company has defaulted in repayment to Banks and Financial Institution which were not paid as on 31.03.2016. The details of period and amount of default are as follows:

Name of Bank/Financial Institution	Principal and Interest Amount	Period to which it relates
Indian Overseas Bank – Term Loan	1,26,89,489/-	September 2014 to March 2016
Kankaria Maninagar Nagrik Sahkari Bank Limited – Term Loan	7,13,399/-	November 2015 to March 2016
Punjab National Bank – Term Loan	1,75,77,653/-	May 2015 to March 2016
Metro Global Limited	4,65,55,000/-	January 2015 to March 2016

In case of Term Loan from Edelweiss Asset Reconstruction Company Limited, company has not made repayment of instalments as per the terms of agreement. However we are unable to correlate repayments made with repayment schedule. So information required by above clause in mentioned format cannot be furnished.

A. T. SHAH & CO. CHARTERED ACCOUNTANTS Ahmedabad M. No. 32793

Company has made repayment of the total instalments due during the year by the end of the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The money raised by company by way of term loans during the year have been applied for the purpose for which it was raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, no fraud by the Company or on the Company by its officers or employees has been, noticed or reported during the year, nor have I been informed of any such case by the Management.

(xi) The Company is private Limited company. Therefore, the provisions of Clause 3 (xi) of the said Order are not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 is not applicable to the company as it is a Private Limited Company.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934.

For Ajay J. Shah & Co.
Chartered Accountants
Firm Registration No. : 114262W

Place: Ahmedabad

Date:

AJAY J. SHAH & CO. CHARTERED ACCOUNTANTS M. No. 32793 Ahmedabad

(Ajay J. Shah)
Proprietor
Membership No. 032793

ANNEXURE - B

TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements" section of our report on Financial Statements of Takshashila Realties Private Limited.)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Takshashila Realties Private Limited ("the Company")**, as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, considering the nature of business, size of operations and organization structure, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ajay J. Shah & Co.
Chartered Accountants
Firm Registration No. : 114262W

CHARTERED ACCOUNTANTS
M. No. 32793
Ahmedabad
AJAY J. SHAH & CO.

Place: Ahmedabad

Date:

(Ajay J. Shah)
Proprietor
Membership No. 032793