



INDEPENDENT AUDITOR'S REPORT

To the Members of Floriana Properties Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Floriana Properties Private Limited (the "Company"), which comprises the Balance Sheet as at 31st March, 2013 and 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, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (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 financial misstatements, whether due to fraud and error.

Auditor's 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. These 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.
4. An audit involves performing procedures to obtain the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatements 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 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.

Kulini

Opinion

6. In our opinion, and to the best of our information and according to the explanation given to us, the accompanying 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:
- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;
 - In the case of the Statement of Profit and Loss, loss for the year ended on that date; and
 - In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), the provisions of the said order are not applicable in case of the Company and hence the particulars thereof are not given.
8. **As required by section 227(3) of the Act, we report that:**
- We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - In our opinion, proper books of accounts as required by laws have been kept by the Company so far as appears from our examination of those books;
 - 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;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - On the basis of written representation received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act.

For *Anand Mehta & Associates*

CHARTERED ACCOUNTANTS

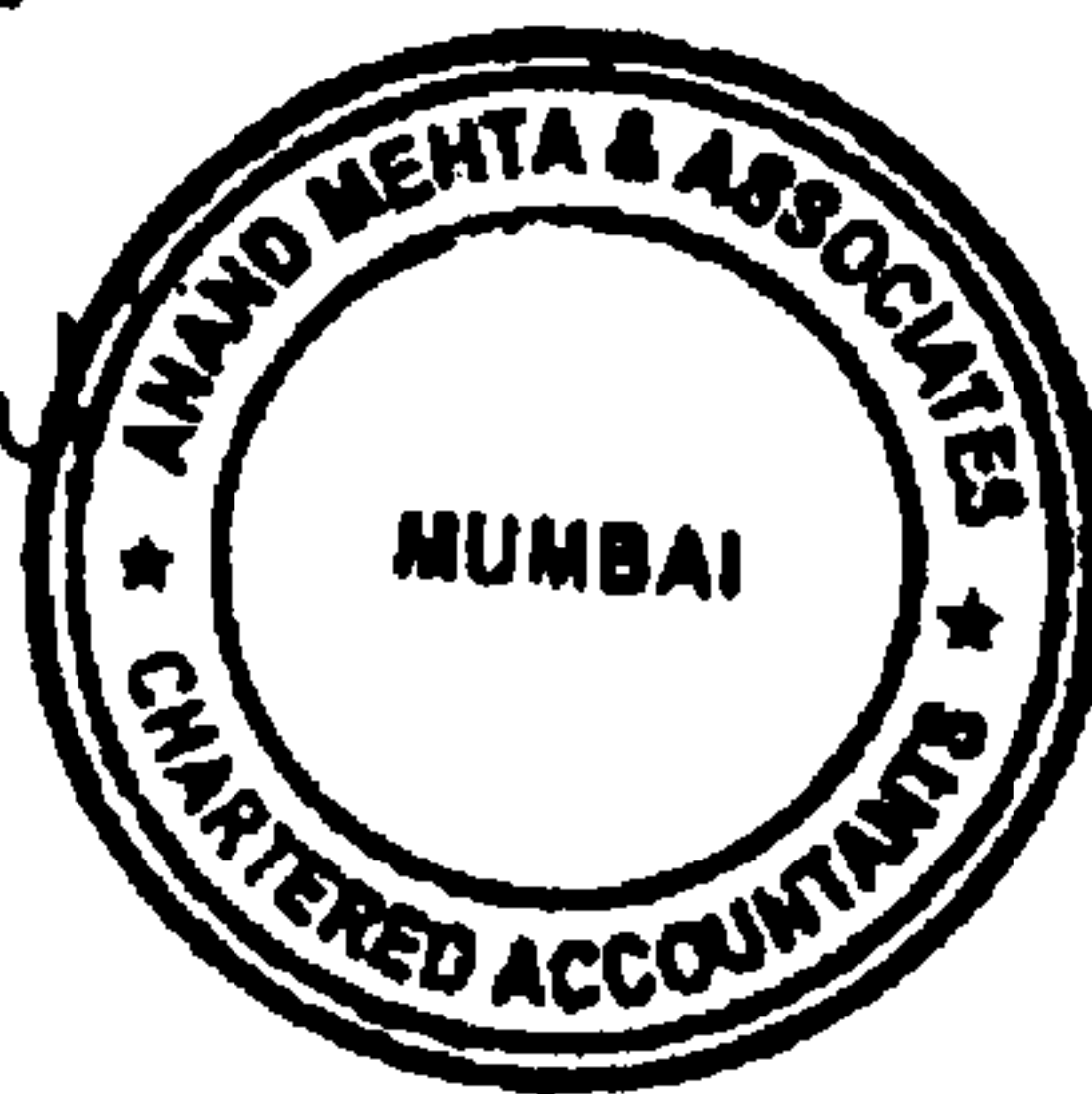
F.R No. 127305W

Kulin V. Mehta

Kulin V. Mehta

Partner

Membership No. 38840



Pune: 02 MAY 2013

FLORIANA PROPERTIES PRIVATE LIMITED
Balance Sheet as at March 31, 2013

Currency Indian Rupees

Particulars	Note	March 31, 2013	March 31, 2012
Equity and Liabilities			
Shareholder's Funds			
Share Capital	3	100,000	100,000
Reserves and Surplus	4	(3,446,100)	(3,520,142)
		(3,346,100)	(3,420,142)
Non-Current Liabilities			
Long-term borrowings	5	62,441,188	65,241,188
Other Long term liabilities	6	597,227	597,227
		63,038,415	65,838,415
Current Liabilities			
Trade payables	7	5,011,340	4,803,934
Other current liabilities	8	105,814	118,893
Short-term provisions	9	36,618	-
		5,153,772	4,922,827
		64,846,087	67,341,100
Assets			
Non-current assets			
Long term loans and advances	10	50,000,000	50,000,000
Other non-current assets	11	-	2,908,625
		50,000,000	52,908,625
Current assets			
Inventories	12	14,135,250	13,884,687
Cash and Bank Balances	13	288,113	105,251
Other current assets	14	422,724	442,537
		14,846,087	14,432,475
		64,846,087	67,341,100
Summary of Significant Accounting Policies	2		
Notes to the financial statements	3-25		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date
 For Anand Mehta & Associates
 Chartered Accountants
 Firm Registration No. 127305W

Kulin V. Mehta

Kulin V. Mehta
 Partner
 Membership No. 38840
 Pune; Dated

02 MAY 2013



For and on behalf of Board of Directors

M. Krishnamurthi
 M. Krishnamurthi
 Director

D. Santhanam
 D. Santhanam
 Director

Pune; Dated

02 MAY 2013

FLORIANA PROPERTIES PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2013

Currency Indian Rupees

Particulars	Note	March 31, 2013	March 31, 2012
Revenue from operations		-	-
Other Income	15	262,578	-
Total Revenue		262,578	-
Construction Expenses	16	250,563	5,245,771
Changes in inventories of developments	17	(250,563)	(5,245,771)
Other expenses	18	164,997	81,954
Total Expenses		164,997	81,954
Profit before prior period adjustments and tax		97,581	(81,954)
Prior period Expenses/(Income)	19	(13,079)	-
Profit before tax		110,660	(81,954)
Tax expense: Current tax		36,618	-
Profit/(Loss) for the year		74,042	(81,954)
Earning per equity share:(Nominal value Rs. 10/- each)	20		
(1) Basic		7.40	(8.20)
(2) Diluted		7.40	(8.20)
Summary of Significant Accounting Policies	2		
Notes to the financial statements	3-25		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date
For Anand Mehta & Associates
Chartered Accountants
Firm Registration No. 127305W

Kulin V. Mehta

Kulin V. Mehta
Partner
Membership No. 38840
Pune; Dated

02 MAY 2013



For and on behalf of Board of Directors

M. Krishnamurthi

M. Krishnamurthi
Director

D. Santhanam

D. Santhanam
Director

Pune; Dated 02 MAY 2013

FLORIANA PROPERTIES PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2013

Particulars	Currency Indian Rupees	
	March 31, 2013	March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Profit before Tax and Working Capital Changes	74,042	(81,954)
<u>Changes in Working Capital</u>		
Decrease/(Increase) in Inventories	(250,563)	(5,245,771)
Decrease/(Increase) in Other Current Assets	2,928,438	(3,351,162)
Increase/(Decrease) in Current Liabilities and Provisions	230,945	4,854,598
A NET CASH GENERATED FROM OPERATING ACTIVITIES	2,982,862	(3,824,289)
CASH FLOWS FROM INVESTING ACTIVITIES		
B NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Unsecured Loans	(2,800,000)	3,860,000
C NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES	(2,800,000)	3,860,000
D NET CASH INFLOW (OUTFLOW) (A+B+C)	182,862	35,711
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
a) Balances with banks in current accounts	105,251	69,540
b) Cash on hand	-	-
sub-total	105,251	69,540
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
a) Balances with banks in current accounts	288,113	105,251
b) Cash on hand	-	-
sub-total	288,113	105,251
Net (decrease) / increase in cash and cash equivalents during the year	182,862	35,711

As per our report of even date
For Anand Mehta & Associates
Chartered Accountants
Firm Registration No. 127305W

Kulin V. Mehta

Kulin V. Mehta
Partner
Membership No. 38840
Pune; Dated

02 MAY 2013



For and on behalf of Board of Directors

M. Krishnamurthi

M. Krishnamurthi
Director

D. Santhanam

D. Santhanam
Director

Pune; Dated

02 MAY 2013

1.0 The Company overview

Floriana Properties Private Limited (Company) was incorporated on 11th Aug 2006. The Company is engaged in the business of construction includes civil construction, development and dealing in real estate.

2.0 Summary of Significant Accounting Policies:

2.1 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Company.

2.2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Inventories

2.3.1 Development Work

The development work in progress represents progressive cost of work remaining incomplete/unsold as at close of the year, valued at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director.

2.3.2 Contingent Liabilities

Contingent liabilities, if any, have been disclosed by way of note to balance sheet. Provision is made in respect of those, which have materialised after the year-end but before finalisation of accounts and have material effect on balance sheet date.

2.4 Taxes on Income

Taxes on Income are accounted in accordance with AS – 22 " Taxes on Income". Taxes on Income comprise both current tax and deferred tax.

Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities / credits and set off available as laid down by the tax law and interpreted by various authorities.

Deferred tax being the tax effect of timing difference represents the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent period (s). This is measured using substantively enacted tax rate and tax regulation.

2.5 Earning Per Share

The Company reports basic and diluted Earnings per share in accordance with accounting standard 20 "Earning per Share". Basic earnings per share are computed by dividing the net profit or loss after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per shares outstanding during the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the result are anti - dilutive.

2.6 Joint Venture Projects

The Company has entered into a single Joint Venture Agreement with the owner of land for jointly developing a project at Hyderabad. As per the terms of the Agreement the sale proceeds will be shared in an agreed proportion as a consideration for jointly developing the project. Accordingly each joint venturer will record in its respective books the share of income and expenses accrued assets acquired and liabilities incurred by the Joint Venture as per the arrangement. In view of the above the Company's role being that of the developer of the project the cost of land is not recognised in the books of the Company.

2.7 Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying assets till the time such assets are ready for its intended use or sale are capitalized as part of the cost of asset in conformity with the provisions of AS - 16 " Borrowing Cost " and other borrowing costs are charged to the Statement of profit and loss for the year in which they are incurred.

2.8 Segment Reporting

2.8.1 Business Segments :- The Company is solely engaged in running the business of the Real Estate which is under construction as of the Balance sheet date. The entire operation are governed by the same set of risk and returns, hence the same has been considered as representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on Segment reporting .

2.8.2 Geographical Segments :- The Company sells its products and services within India with nil income from overseas markets and do not have any operations in economic environments with different set of risk and returns. Hence it is considered operating in a single geographical segment.

2.9 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

March 31, 2013

March 31, 2012

NOTE NO. 3
Share Capital

A Authorised		
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid up		
10,000 (10,000) Equity Shares of Rs.10/-each fully paid up	100,000	100,000
Total	<u>100,000</u>	<u>100,000</u>

B Reconciliation of the Number of shares :-

Particulars	Number	Amount	Number	Amount
Equity Shares at the beginning of the year	10,000	100,000	10,000	100,000
Equity Shares Issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares at the end of the year	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>	<u>100,000</u>

C Disclosure for shareholding more than 5%

Name of Shareholder	March 31, 2013		March 31, 2012	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Vascon Engineers Limited (Holding company)	10,000	100	10,000	100

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of liabilities and distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTE NO. 4**Reserves and Surplus****Surplus/(Deficit) in the Statement of Profit and Loss**

At the commencement of the year	(3,520,142)	(3,438,188)
Add/(Less): Profit/(Loss) transferred for the year	74,042	(81,954)
Net Surplus/(Deficit) in the Statement of Profit and Loss	<u>(3,446,100)</u>	<u>(3,520,142)</u>

NOTE NO. 5**Long Term Borrowings****Unsecured**

From Holding Company (Vascon Engineers Limited)	62,441,188	65,241,188
	<u>62,441,188</u>	<u>65,241,188</u>

	March 31, 2013	Currency Indian Rupees March 31, 2012
NOTE NO. 6 Other Long Term Liabilities	597,227	597,227
	<u>597,227</u>	<u>597,227</u>
NOTE NO. 7 Trade Payables (Refer Note No. 24)	5,011,340	4,803,934
	<u>5,011,340</u>	<u>4,803,934</u>
NOTE NO. 8 Other Current Liabilities		
Payable for expenses	105,814	118,893
	<u>105,814</u>	<u>118,893</u>
NOTE NO. 9 Short Term Provisions		
Provison for tax	36,618	-
	<u>36,618</u>	<u>-</u>
NOTE NO. 10 Long Term Loans and Advances Unsecured, considered good		
Security Deposits	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
NOTE NO. 11 Other Non Current Assets		
Balances with banks in deposit accounts maturing after 12 months from the Balance Sheet date	-	2,837,460
Prepaid Expenses	-	71,165
	<u>-</u>	<u>2,908,625</u>
NOTE NO. 12 Inventories (At Cost) (As valued and certified by the Management)		
Units under Development	14,135,250	13,884,687
	<u>14,135,250</u>	<u>13,884,687</u>
NOTE NO. 13 Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with banks in current accounts	288,113	105,251
Cash on hand	-	-
	<u>288,113</u>	<u>105,251</u>
NOTE NO. 14 Other Current Assets		
Trade Advances	422,724	422,724
Prepaid Expenses	-	19,813
	<u>422,724</u>	<u>442,537</u>

Currency Indian Rupees
March 31, 2012

March 31, 2013

**NOTE NO. 15
Other Income**

Interest Income

262,578

-

262,578

-

**NOTE NO. 16
Construction Expenses**

Direct Expenses for development

250,563

5,245,771

250,563

5,245,771

**NOTE NO. 17
Changes in Inventories of developments**

Opening Stock of Inventory

13,884,687

8,638,916

Closing Stock of Inventory

14,135,250

13,884,687

(250,563)

(5,245,771)

**NOTE NO. 18
Other Expenses**

Auditor's Remuneration

28,090

28,090

Professional fees

42,100

43,038

Other Expenses

-

178

Bank Charges

93,128

9,618

Rates and Taxes (Admin)

1,679

1,030

164,997

81,954

Auditor's Remuneration

Statutory Audit Fees

25,000

25,000

25,000

25,000

(Fees mentioned above does not includes service Tax and education cess thereon)

**Note No. 19
Prior Period Items**

Difference Written-off

13,079

-

13,079

-

**Note No. 20
Earning per share**

a) Net Profit/(Loss) available for equity share holders

74,042

(81,954)

b) Weighted average number of equity shares for Basic EPS

10,000

10,000

c) Face Value per share

10

10

d) Basic EPS

7.40

(8.20)

e) Weighted average number of shares outstanding for Diluted EPS

10,000

10,000

d) Earning Per Share - Diluted

7.40

(8.20)

21 The related parties as defined by the Accounting Standard 18 "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, in respect of which disclosures have been made, have been identified on the basis of disclosure made by the Key Management Personnel taken on record by the board.

Name of related parties

1. Holding Company
- Vascon Engineers Limited

2. Subsidiaries

- Marvel Housing Private Limited
- Greystone Premises Private Limited
- Vascon Dwellings Private Limited
- It Citi Infopark Private Limited
- Cospia Hotels Private Limited
- Windflower Properties Private Limited
- GMP Technical Solutions Private Limited
- Vascon Pricol Infrastructure Limited
- Vascon Renaissance EPC Limited Liability Partnership
- Almet Corporation Limited
- Marathwada Realtors Private Limited

3. Key Management Personnel

- D.Santhanam
- M.Krishnamurthy

Name of the related party	Nature of relations	Type of transactions	Transaction Amount
Vascon Engineers Limited	Holding Company	Loan Taken	10,00,000 (38,60,000)
Vascon Engineers Limited	Holding Company	Loan Repaid	38,00,000 (0)
Vascon Engineers Limited	Holding Company	Reimbursement of Expenses	4,00,000 (46,11,340)

Name of the related party	Nature of relations	Due to company	Due by company
Vascon Engineers Limited	Holding Company	0 (0)	6,24,41,188 (6,52,41,188)
Vascon Engineers Limited	Holding Company	0 (0)	0 (0)
Vascon Engineers Limited	Holding Company	0 (0)	52,11,340 (46,11,340)

Contingent Liabilities :-

Performance /financial guarantees given by the Banks on behalf of the Company

Curr. Yr.	Previous Year
NIL	2,837,460

22 In absence of virtual certainty of taxable income in subsequent years no provision for deferred tax assets in respect of carried forward business losses has been made.

Components of deferred tax assets are as follows:

March 31,2013 March 31,2012

On account of Accumulated business loss

1,053,530 1,087,724

Net deferred tax asset

1,053,530 1,087,724

In accordance with the provisions of AS 22 "Accounting for Taxation" in absence of virtual certainty of taxable income, for the year no provision for deferred tax assets in respect of carried forward business loss, has been made as the net result is deferred tax assets.

23 The disclosure pursuant to Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) is as under:-

Particulars	March 31,2013	March 31,2012
Principal amount payable to suppliers at the year end	-	-
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

24 Details of Earnings and Expenditure in Foreign Currency.

March 31,2013 March 31,2012

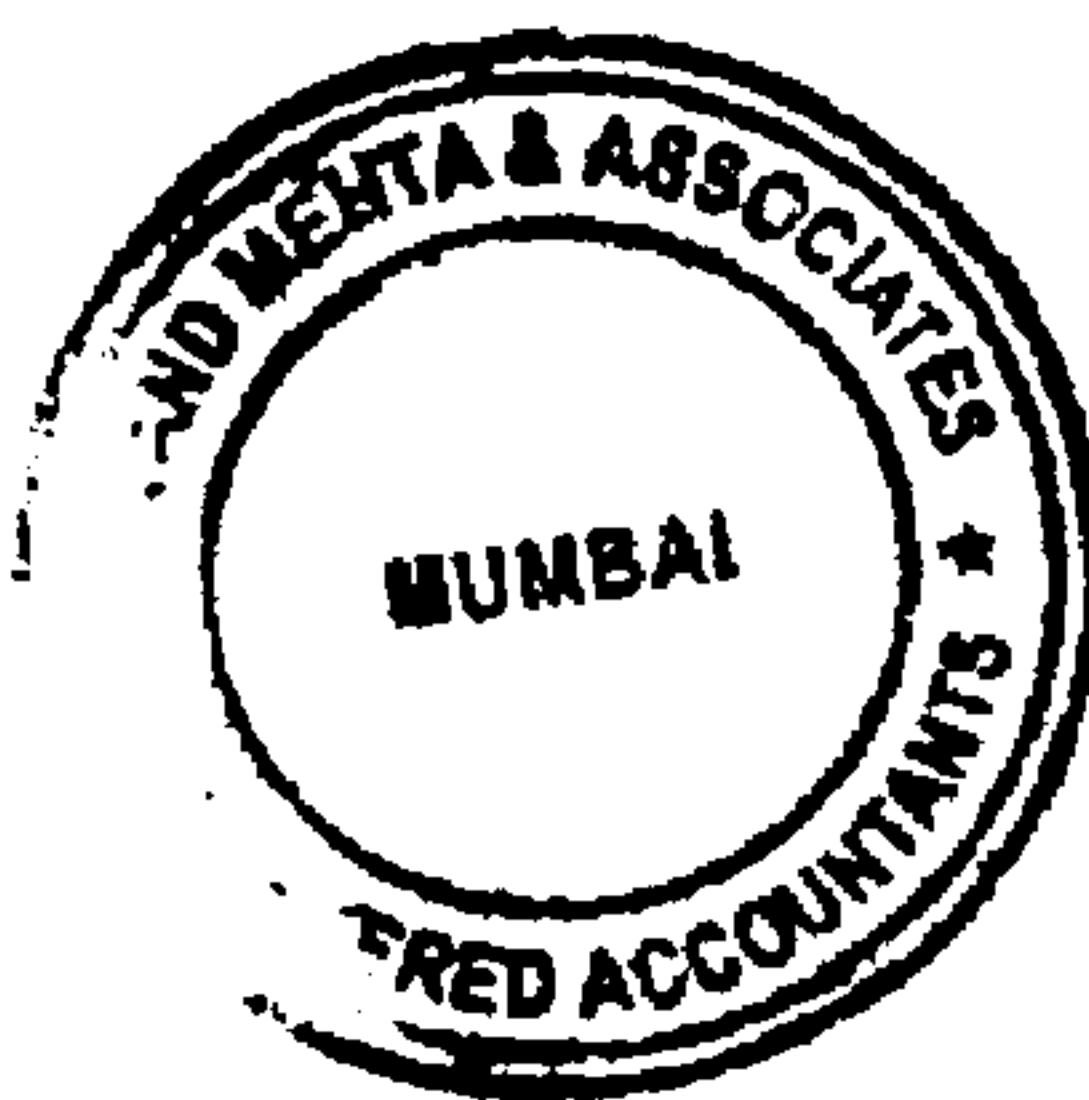
Earnings
Expenditure

25 Corresponding figures of the previous year have been shown in the bracket and regrouped, renamed or rearranged wherever necessary.

As per our report of even date
For **Kuln V. Mehta & Associates**
Chartered Accountants
Firm Registration No. 127305W

Kuln V. Mehta

Kuln V. Mehta
Partner
Membership No. 38840
Pune: Dated



For and on behalf of Board of Directors

M. Krishnamurthy *D. Santhanam*

M. Krishnamurthy D. Santhanam
Director Director

02 MAY 2013

02 MAY 2013