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Anand Mehta & Associates **Chartered Accountants LLP**

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS 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, 2015 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 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 Sec 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 of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account provisions of the Act, the accounting and auditing standards and matters which are required in the audit report under the provisions of the Act.
5. 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.

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6. 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 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 accounting policies used and reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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

8. 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.

Emphasis of Matters

9. We draw attention to the following matter in the Notes to the financial statements:
 - a. Note number 21 in the financial statements which, describes the uncertainty related to outcome of the notice served on the Contractee for claim made by the Company.
 - b. Note 4 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the company has incurred a net loss during the current and previous years. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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, 2015, the provisions of the said order are not applicable in case of the Company and hence the particulars thereof are not given.
11. As required by Section 143(3) of the Act, we report that:
 - a. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes 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, the 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 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.

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- e. The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion does not have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate.
- h. 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 as per Note No 21 to the financial statements.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For *Anand Mehta & Associates* Chartered Accountants LLP
CHARTERED ACCOUNTANTS
F.R No. 127305W



Kulin V. Mehta
Kulin V. Mehta
Partner
M. No. 38440

Pune; 10 MAY 2015

FLORIANA PROPERTIES PRIVATE LIMITED
Balance Sheet as at March 31, 2015

Currency Indian Rupees

Particulars	Note	March 31, 2015	March 31, 2014
Equity and Liabilities			
Shareholder's Funds			
Share Capital	3	100,000	100,000
Reserves and Surplus	4	(3,639,153)	(3,536,234)
		(3,539,153)	(3,436,234)
Non-Current Liabilities			
Long-term borrowings	5	67,427,505	67,333,724
		67,427,505	67,333,724
Current Liabilities			
Trade payables	6	50,769	69,859
Other current liabilities	7	47,136	5,618
		97,905	75,477
		63,986,257	63,972,967
Assets			
Non-current assets			
Long term loans and advances	8	50,000,000	50,000,000
		50,000,000	50,000,000
Current assets			
Inventories	9	13,960,747	13,960,747
Cash and Bank Balance	10	25,510	12,220
		13,986,257	13,972,967
		63,986,257	63,972,967
Summary of Significant Accounting Policies Notes to the financial statements	2 3-22		

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 LLP

Chartered Accountants

Firm Registration No. 127305W

Kulin V. Mehta

Kulin V. Mehta

Partner

Membership No. 38440

Pune; Dated

10 MAY 2015



For and on behalf of Board of Directors

M. Krishnamurthi

M. Krishnamurthi
Director

D. Santhanam

D. Santhanam
Director

Pune; Dated

10 MAY 2015

FLORIANA PROPERTIES PRIVATE LIMITED
Statement of Profit and Loss for the period ended March 31, 2015

Currency Indian Rupees

Particulars	Note	March 31, 2015	March 31, 2014
Other Income		-	-
Total Revenue		-	-
<u>Expenses</u>			
Construction Expenses	11	-	(174,503)
Changes in inventories of developments	12	-	174,503
Finance costs	13	-	18,316
Other expenses	14	102,919	100,816
Total Expenses		102,919	119,132
Profit before prior period adjustments and tax		(102,919)	(119,132)
Prior period (Expenses)/Income	15	-	38,453
Profit before tax		(102,919)	(80,679)
Tax expense:			
Current tax		-	-
Short or excess provision of taxes earlier years		-	9,455
Profit/(Loss) for the Year		(102,919)	(90,134)
Earning per equity share:(Nominal value Rs. 10/- each)	16		
(1) Basic		(10.29)	(9.01)
(2) Diluted		(10.29)	(9.01)
Summary of Significant Accounting Policies	2		
Notes to the financial statements	3-22		

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 LLP

Chartered Accountants

Firm Registration No. 127305W

Kulin V. Mehta

Kulin V. Mehta
Partner

Membership No. 38440
Pune; Dated



For and on behalf of Board of Directors

M. Krishnamurthi

M. Krishnamurthi
Director

Pune; Dated

D. Santhanam

D. Santhanam
Director

10 MAY 2015

10 MAY 2015

FLORIANA PROPERTIES PRIVATE LIMITED
Cash Flow Statement for the period ended March 31, 2015

Currency Indian Rupees

Particulars	March 31, 2015	March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and prior period adjustments	(102,919)	(119,132)
Prior period Interest income	-	38,453
Adjustments to reconcile profit before tax to cash provided by operating activities		
Add/ (Less):		
Short Provision Write Off	-	(9,455)
	<u>(102,919)</u>	<u>(90,134)</u>
Operating Profit before Tax and Working Capital Changes	(102,919)	(90,134)
Income Taxes paid during the period	-	(7,620)
<u>Changes in Working Capital</u>		
Decrease/(Increase) in Inventories	-	174,503
Decrease/(Increase) in Other Current Assets	-	422,724
Increase/(Decrease) in Current Liabilities and Provisions	22,428	(59,335)
Increase/(Decrease) in Other long term liabilities	-	(597,227)
A NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>(80,491)</u>	<u>(157,089)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
B NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Unsecured Loans	93,781	(118,804)
C NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES	<u>93,781</u>	<u>(118,804)</u>
D NET CASH INFLOW (OUTFLOW) (A+B+C)	<u><u>13,290</u></u>	<u><u>(275,893)</u></u>
Cash and cash equivalents at the beginning of the period		
a) Balances with banks in current accounts	12,220	288,113
b) Cash on hand	-	-
Sub-total	<u>12,220</u>	<u>288,113</u>
Cash and cash equivalents at the end of the period		
a) Balances with banks in current accounts	25,510	12,220
b) Cash on hand	-	-
Sub-total	<u>25,510</u>	<u>12,220</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u><u>13,290</u></u>	<u><u>(275,893)</u></u>

As per our report of even date

For *Anand Mehta & Associates* Chartered Accountants LLP
Chartered Accountants
Firm Registration No. 127305W

For and on behalf of Board of Directors

Kulin V. Mehta
Kulin V. Mehta
Partner
Membership No. 38440
Pune; Dated



10 MAY 2015

M. Krishnamurthi
M. Krishnamurthi
Director
Pune; Dated

D. Santhanam
D. Santhanam
Director

10 MAY 2015

1 The Company overview

Floriana Properties Private Limited (Company) was incorporated on 11th Aug 2006 and having CIN U45209PN2006PTC128875. The Company is engaged in the business of construction includes civil construction, development and dealing in real estate.

2 Summary of Significant Accounting Policies:

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, 2013, on accrual basis, as adopted consistently by the

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 years.

Inventories

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.

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.

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 year and is capable of reversal in one or more subsequent year (s). This is measured using substantively enacted tax rate and tax regulation.

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.

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 ths 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.

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.

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.

FLORIANA PROPERTIES PRIVATE LIMITED
Notes to the financial statements for the period ended March 31, 2015

Particulars	Currency Indian Rupees	
	March 31, 2015	March 31, 2014
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
	<u>100,000</u>	<u>100,000</u>

Sub- Notes :-

1 Reconciliation of the Number of shares :-

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

- 2 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. 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 per share.

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.

3 Disclosure for shareholding more than 5%

Name of Shareholder	March 31, 2015		March 31, 2014	
	Number of shares	% of Holding	Number of shares	% of Holding
Vascon Engineers Limited (Holding company)	10,000	100	10,000	100

NOTE NO. 4

Reserves and Surplus

Surplus/(Deficit) in the Statement of Profit and Loss

At the commencement of the period	(3,536,234)	(3,446,100)
Add/(Less): Profit/(Loss) transferred for the period	(102,919)	(90,134)
Closing Balance	-	-
Net Surplus/(Deficit) in the Statement of Profit and Loss	<u>(3,639,153)</u>	<u>(3,536,234)</u>

NOTE NO. 5

Long Term Borrowings

Unsecured

From Holding Company (Vascon Engineers Limited)	67,427,505	67,333,724
	<u>67,427,505</u>	<u>67,333,724</u>

(The interest free loan is repayable 12 months after the date of call)

FLORIANA PROPERTIES PRIVATE LIMITED
Notes to the financial statements for the period ended March 31, 2015

Particulars	Currency Indian Rupees	
	March 31, 2015	March 31, 2014
NOTE NO. 6		
Trade Payables (Refer Note No.19)	50,769	69,859
	50,769	69,859
NOTE NO. 7		
Other Current Liabilities		
Duties And Taxes	5,000	5,618
Payable for expenses	42,136	-
	47,136	5,618
NOTE NO. 8		
Long Term Loans and Advances		
Unsecured, considered good		
Security Deposits	50,000,000	50,000,000
	50,000,000	50,000,000
NOTE NO. 9		
Inventories (At Cost)		
Units under Development	13,960,747	13,960,747
	13,960,747	13,960,747
NOTE NO. 10		
Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with banks in current accounts	25,510	12,220
	25,510	12,220

FLORIANA PROPERTIES PRIVATE LIMITED
Notes to the financial statements for the period ended March 31, 2015

Particulars	Currency Indian Rupees	
	March 31, 2015	March 31, 2014
NOTE NO. 11		
Construction Expenses		
Direct Expenses for development	-	(174,503)
	<u>-</u>	<u>(174,503)</u>
NOTE NO. 12		
Changes in inventories of developments		
Opening Stock of Inventory	13,960,747	14,135,250
Closing Stock of Inventory	13,960,747	13,960,747
	<u>-</u>	<u>174,503</u>
NOTE NO. 13		
Finance Cost		
INTEREST :-		
Interest expense	-	18,316
	<u>-</u>	<u>18,316</u>
NOTE NO. 14		
Other Expenses		
Statutory Audit Fees	28,090	28,090
Bank Charges	1,376	575
Other expenses	2,500	20,003
Professional fees	70,918	49,403
Rates and Taxes	35	2,745
	<u>102,919</u>	<u>100,816</u>
Note No. 15		
Prior Period Items		
Interest Income	-	38,453
	<u>-</u>	<u>38,453</u>
Note No. 16		
Earning per share		
Net Profit/(Loss) available for equity share holders	(102,919)	(90,134)
Weighted average number of equity shares for Basic EPS	10,000	10,000
Face Value per share	10	10
Basic EPS	(10.29)	(9.01)
Weighted average number of shares outstanding for Diluted EPS	10,000	10,000
Earning Per Share - Diluted	(10.29)	(9.01)

- 17 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. Fellow Subsidiaries
 - Marvel Housing Private Limited
 - Greystone Premises Private Limited
 - Vascon Dwellings Private Limited
 - It Citi Infopark Private Limited
 - Windflower Properties Private Limited
 - GMP Technical Solutions Private Limited
 - Vascon Pricol Infrastructure Limited
 - Vascon Renaissance EPC Limited Liability Partnership
 - Almet Corporation Limited
 - Marathawada Realtors Private Limited
 - Just Homes India Private Limited
3. Step Down Fellow Subsidiaries
 - Caspia Hotels Private Limited (Upto May 28, 2014)
 - GMP Technical Solutions Middle East (FZE)
4. 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	103781 (63,211)
Vascon Engineers Limited	Holding Company	Loan Repaid	10,000 (1,82,015)

Name of the related party	Nature of relations	Due to company	Due by company
Vascon Engineers Limited	Holding Company	NIL (NIL)	6,74,27,505 (6,73,33,724)

- 18 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.

	March 31, 2015	March 31, 2014
Components of deferred tax assets are as follows:		
On account of Accumulated business loss	1,181,150	1,149,348
Net deferred tax asset	1,181,150	1,149,348

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.

FLORIANA PROPERTIES PRIVATE LIMITED
Notes to the financial statements for the period ended March 31, 2015

19 The disclosure pursuant to Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] is as under:

Particulars	March 31, 2015	March 31, 2014
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	-	-

20 Details of Earnings and Expenditure In Foreign Currency.	March 31, 2015	March 31, 2014
Earnings	-	-
Expenditure	-	-

21 The Company has served notice through advocate Mr. Sachin Rajapurkar to Paradigm Corporation Private Limited for recovery of deposits of Rs. 5.00 cr and the expenses incurred on the project as on 31-03-2015 amounting to Rs. 1.40 cr along with interest/compensation. The management is confident of recoverability of the above dues with interest. In view of the same no impairment is made.

22 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 *Anand Mehta & Associates* Chartered Accountants LLP
 Chartered Accountants
 Firm Registration No. 127305W

Kulin V Mehta
 Kulin V Mehta
 Partner
 Membership No. 38440
 Pune; Dated



10 MAY 2015

For and on behalf of Board of Director:

M. Krishnamurthi
 M. Krishnamurthi
 Director

D. Santhanam
 D. Santhanam
 Director

Pune; Dated

10 MAY 2015