



AUDITOR'S REPORT

TO THE MEMBERS OF DELANCO HOME & RESORTS PRIVATE LIMITED

Opinion

We have audited the standalone financial statements of Delanco Home & Resorts Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2016, and the statement of Profit and Loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2016, and its loss, its cash flows for the year ended on that date.

Basis for Opinion

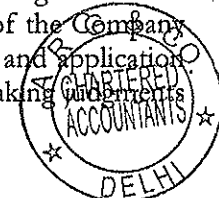
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying financial statements of **Delanco Home & Resorts Private Limited**, 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, and a summary of significant accounting policies and other explanatory information.

Responsibility of Management for Standalone 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 standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making



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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

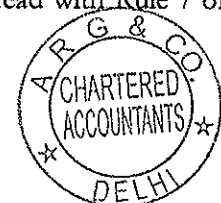
Emphasis of Matter

Note-19 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 cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note-19, indicate the existence of a 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 for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

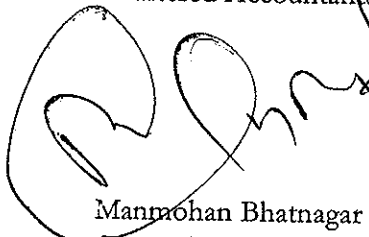

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by Central Government of India in terms of sub-section (11) of section 143 of the act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - a) In our opinion, 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;
 - b) 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;
 - c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- d) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- 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, we report that 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- 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 does not have any pending litigations which would impact its financial position.
 - 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 and on behalf of
ARG & Co.
(Formerly known as CNK & Co.)
Chartered Accountants

Manmohan Bhatnagar
(Partner)

M. No. 514261

Firm Regn no. 010630N

Place: New Delhi

Date: 23rd May, 2016

Annexure to the Auditor's Report of even date to the members of Delanco Home & Resorts Private Limited, on the financial statements for the year ended on 31st March 2016.

Based on the audit procedures performed for the purpose of expressing an opinion on the true and fair view of the financial statements of the company and considering the information and explanations given to us and books of accounts and other records provided to us during the normal course of audit, we hereby report that:-

- i)
 - a) According to the information and explanations given to us, the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - c) According to the information provided to us, the company has no immovable property. Hence the provision of clause 1(c) of the order is not applicable.
- ii) According to the information and explanations provided to us, the physical verification of inventory has been conducted at reasonable intervals by the management no material discrepancies were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Sec. 189 of the Companies Act. Accordingly the provisions of clause 3(iii) of the order are not applicable to the company.
- iv) According to the information and explanations provided to us, the company does not have any loans, investment, guarantees and security during the year. Accordingly the provision of clause iv of the order is not applicable to the company.
- v) During the year, the company has not accepted any deposits as defined in section 73 and section 76 of the Companies Act, 2013 or rules made thereunder. Accordingly the provision of clause 3(v) of the order is not applicable to the company.
- vi) According to the information and explanations provided to us, the Companies (Cost Records & Audit) Rules 2014, are not applicable to the Company. Accordingly, the provision of the clause 3(vi) of the order is not applicable to the company.
- vii)
 - a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess were outstanding, as at 31.03.2016 for a period of more than six months from the date they became payable.



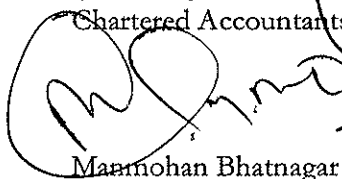
- b) As per the information and explanations given to us, no dispute is pending on account of any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax.
- viii) In our opinion and according to the information and explanations given to us, the company has not obtained any loans or borrowings from any financial institution, Bank, Government or debenture holders. Accordingly the provision of clause 3(viii) of the order is not applicable to the company.
- ix) According to the information & explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan. Accordingly the provision of clause 3(ix) of the order is not applicable to the company.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information & explanation given to us, the company has not paid or provided any managerial remuneration as defined by the provisions of the section 197 of the Companies Act, 2013. Accordingly the provision of clause 3(xi) of the order is not applicable to the company.
- xii) In our opinion and according to the information & explanation given to us, the company is not a nidhi company. Hence the provision of clause 3(xii) of the order is not applicable to the company.
- xiii) During the year, the company has not entered into any transactions with related parties in compliance with the provisions of the sections 177 & 188 of the Companies Act, 2013. . Hence the provision of clause 3(xiii) of the order is not applicable to the company.
- xiv) According to the information & explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provision of clause 3(xiv) of the order is not applicable to the company.
- xv) According to the information & explanation given to us, the company has not entered into any non-cash transaction with directors or any person connected with him. Accordingly the provision of clause 3(xv) of the order is not applicable to the company.
- xvi) In our opinion and according to the information & explanation given to us and, the company is not required to be registered under section 45-IA of the Reserves Bank of India Act, 1934. Accordingly the provision of clause 3(xvi) of the order is not applicable to the company.

For and on behalf of

ARG & Co.

(Formerly known as C N K & Co.)

Chartered Accountants



Manmohan Bhatnagar

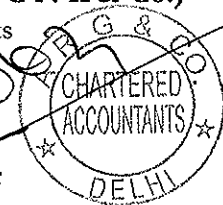
Partner

M.No. 514261

FRN: 010630N

Place: New Delhi

Date: 23rd May, 2016



Delanco Home & Resorts Private Limited

CIN: U70101DL2006PTC147914

Regd. Office: 1E Jhandewan Extension, Naaz Cinema Complex, New Delhi-110055

Balance Sheet as at 31st March 2016

Particulars	Note No.	(Amount in Rs.)	
		As at 31 st March 2016	As at 31 st March 2015
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	100,000	100,000
Reserve and surplus	4	(39,239,882)	(37,931,072)
Current liabilities			
Short-term borrowings	5	2,243,435,001	2,000,585,001
Trade payables	6	7,119,533	10,699,500
Other current liabilities	7	263,060,028	217,668,242
Total		2,474,474,680	2,191,121,671
II. ASSETS			
Non-current assets			
Fixed assets			
-Tangible Assets	8	249,746	363,830
Deferred tax assets (Net)	9	19,136,172	19,136,172
Current assets			
Inventories	10	2,422,143,962	2,131,734,602
Cash and cash equivalents	11	8,174,317	9,800,419
Short-term loans and advances	12	24,509,466	29,922,119
Other current assets	13	261,017	164,529
Total		2,474,474,680	2,191,121,671

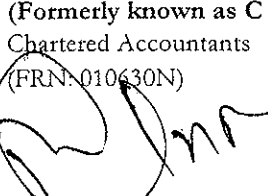

Summary of significant accounting policies 2

The accompanying notes form an integral part of these financial statements

Based on our audit report of even date attached.

For and on behalf of

ARG & Co.

(Formerly known as C N K & Co.) & Co.
Chartered Accountants
(FRN: 010630N)




Manmohan Bhatnagar

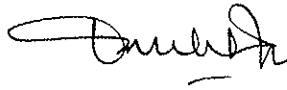
Partner

Membership No. 514261

For and on behalf of Board of Directors

Delanco Home And Resorts Private Limited


Sanjay Bhardwaj
DIN:06487560
(Director)


D. Mukherjee
DIN:02319895
(Director)

Place: New Delhi

Date: 23rd May, 2016



Delanco Home & Resorts Private Limited
CIN: U70101DL2006PTC147914
 Regd. Office: 1E Jhandewan Extension, Naaz Cinema Complex, New Delhi-110055
Statement of Profit & Loss for the year ended 31st March 2016

Particulars	Note No.	For the year ended 31 st March 2016	For the year ended 31 st March 2015 <small>(Amount in Rs.)</small>
REVENUE			
Other income		-	5,618
I. Total Revenue		-	5,618
EXPENSES			
Cost of material consumed	14	290,409,360	246,816,951
Change in inventories of work in progress	15	(290,409,360)	(246,816,951)
Depreciation	8	114,084	115,713
Other expenses	16	1,194,726	445,926
II. Total Expenses		1,308,810	561,639
III. Profit/(Loss) before tax (I-II)		(1,308,810)	(556,021)
IV. Tax expense		-	-
Current tax		-	-
V. Profit / (Loss) for the year (III-IV)		(1,308,810)	(556,021)
Earnings/(Loss) per share (Rs.)			
(Basic and diluted)	17	(130.88)	(55.60)
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements

Based on our audit report of even date attached.

For and on behalf of

ARG & Co.

(Formerly known as C N K & Co.)

Chartered Accountants

(FRN: 010630N)

Manmohan Bhatnagar

Partner

Membership No. 514261

Place: **New Delhi**

Date: **23rd May, 2016**

For and on behalf of Board of Directors

Delanco Home And Resorts Private Limited

Sanjay Bhardwaj

DIN:06487560

(Director)

D. Mukherjee

DIN:02319895

(Director)

Rayal