

Deloitte Haskins & Sells

Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLAGSHIP DEVELOPERS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **FLAGSHIP DEVELOPERS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. 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

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.

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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 purposes of our audit.
 - (b) 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.
 - (c) The Balance Sheet and the 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 and the Statement of Profit and Loss comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)


Hemant M. Joshi
(Partner)
(Membership No : 38019)

PUNE , September 30, 2013

Deloitte Haskins & Sells

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ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities during the year, clauses (ii), (vi), (xi), (xii), (xiii), (xiv), (xvi), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets :

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any fixed assets during the year.

(ii) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) 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. Accordingly sub clauses (iii)(b) to (d) are not applicable.

(b) The Company has taken unsecured loan of Rs. 270,455,792/- from one party during the year. At the year-end, the outstanding balance of the loan was Rs. 328,213,815/- (one party) and the maximum amount involved during the year was Rs. 328,213,815/- (one party).

(c) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.

(d) The aforesaid loans are repayable on demand and there is no repayment schedule.

(iii) In our opinion and according to the information and explanations given to us, having regard to the explanations that the business of the Company includes purchase of land and other

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immovable properties where there is probability of claims regarding title to such properties, in our opinion, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. There are no transactions in respect of purchase of inventory and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

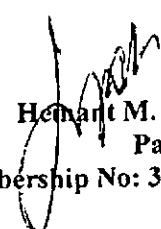
- (iv) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time, other than advances/payments and receipts towards purchase/sale of land and other immovable properties and services received/rendered being of specialised nature, the prices are not capable of being compared with prevailing market prices at the relevant time.
- (v) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, the Company is not required to pay any dues on account of Employees' State Insurance, Excise duty and Investor Education and Protection Fund for the year ended March 31, 2013.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable. In case of the following, delays exceeding six months have been observed :-

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| Name of Statute | Nature of Dues | Amount (Rs) | Period to which it relates | Due Date | Date of Payment |
|--|---------------------|-------------|---------------------------------|--------------------------------------|-----------------|
| The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 | Provident Fund | 213,077 | April 2012-September 2012 | 7 th of subsequent month | Not paid |
| Maharashtra Profession Tax Act, 1975 | Profession Tax | 25,750 | April 2012-September 2012 | 21 st of subsequent month | Not paid |
| The Maharashtra Labour Welfare Act, 1953 | Labour Welfare Fund | 1,248 | For period ended 30th June 2012 | 15 th July 2012 | Not paid |

- (c) According to the information and explanation given to us and records of the Company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of any dispute.
- (viii) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth and the Company has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, as at March 31, 2013, we report that funds raised on short term basis amounting to Rs. 408,762,766 /- have been used during the year for long term investment.
- (xi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117 366W)


Hemant M. Joshi
Partner
(Membership No: 38019)

PUNE, September 30, 2013

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Regd Off : Blueridge, Near Cognizant, Rajiv Gandhi Infotech Park Phase I, Hinjewadi,
Pune-411057

DIRECTORS' REPORT

The Members,

FLAGSHIP DEVELOPERS PRIVATE LIMITED (the "Company")

Your Directors take immense pleasure in presenting the Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2013.

FINANCIAL RESULTS AND OPERATIONS

Your Company's performance during the year is summarised below:

| PARTICULARS | (Rupees in Lacs) | |
|----------------------------------|------------------|----------------|
| | 2012-13 | 2011-12 |
| INCOME | | |
| Income from Operations | - | - |
| Other Income | - | - |
| EXPENDITURE | | |
| Employee Expenses | 5.79 | 15.32 |
| Other Expenses | 7.14 | 2.93 |
| Total Expenditure | 12.93 | 18.25 |
| PROFIT/(LOSS)BEFORE TAX | (12.93) | (18.25) |
| Provision for Current Tax | - | - |
| PROFIT / (LOSS) AFTER TAX | (12.93) | (18.25) |

OPERATIONS:

The construction of SEZ building in 'Blueridge Township' has commenced in the current year and expected to complete in 2015. The progress of development is on schedule.

DIVIDEND

In view of losses, the Directors do not recommend any dividend for the year under consideration.

FIXED DEPOSITS

The Company has not accepted/renewed any fixed deposits from public within the meaning of Section 58A of the Companies Act, 1956, since inception and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Regd Off : Blueridge, Near Cognizant, Rajiv Gandhi Infotech Park Phase I, Hinjewadi,
Pune-411057

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of **FLAGSHIP DEVELOPERS PRIVATE LIMITED**, state in respect of year ended on 31st March, 2013 that:

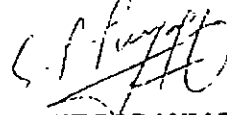
- (a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

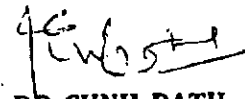
The Board of Directors appreciate the efforts and timely assistance provided by all its consultants, architects, authorities, institutions, bankers, customers, associates, suppliers, brokers and also the employees at all levels, in the business activities of the Company.

The Directors are also thankful to all stake holders for their continued support and confidence reposed in the Company.

**For and on behalf of the Board of Directors of
FLAGSHIP DEVELOPERS PRIVATE LIMITED**



**SHRIKANT PARANJAPE
DIRECTOR**



**DR. SUNIL PATIL
DIRECTOR**

Place: Pune
Date: 30 September 2013

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Balance Sheet as at 31st March, 2013

| Particulars | Note No. | As at 31st March, 2013 Rs. | As at 31st March, 2012 Rs. |
|---|-----------|-------------------------------|-------------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 3 | 1,032,230 | 1,032,230 |
| (b) Reserves and Surplus | 4 | 111,523,091 | 112,815,978 |
| (c) Money Received against Share Warrants | 5 | 2,000 | 2,000 |
| | | <u>112,557,321</u> | <u>113,850,208</u> |
| 2 Non-Current Liabilities | | | |
| (a) Other Long-Term Liabilities | 6 | 1,458,430 | 460,925 |
| (b) Long-Term Provisions | 7 | 866,200 | 596,825 |
| | | <u>2,324,630</u> | <u>1,057,750</u> |
| 3 Current Liabilities | | | |
| (a) Short-Term Borrowings | 8 | 328,213,815 | 57,758,023 |
| (b) Trade Payables | 17.2 & 19 | 395,508 | 268,664 |
| (c) Other Current Liabilities | 9 | 89,742,102 | 26,379,802 |
| (d) Short-Term Provisions | 10 | 469,480 | 437,210 |
| | | <u>418,820,905</u> | <u>84,843,699</u> |
| Total | | <u><u>533,702,856</u></u> | <u><u>199,751,657</u></u> |
| B ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 55,374,163 | 55,374,163 |
| (ii) Capital Work-in-Progress | | 432,808,819 | 127,837,233 |
| (b) Deferred Tax Assets | 21 | - | - |
| (c) Long-Term Loans and Advances | 12 | 35,461,735 | 16,200,000 |
| | | <u>523,644,717</u> | <u>199,411,396</u> |
| 2 Current assets | | | |
| (a) Cash and Cash Equivalents | 13 | 10,028,139 | 310,261 |
| (b) Short-Term Loans and Advances | 14 | 30,000 | 30,000 |
| | | <u>10,058,139</u> | <u>340,261</u> |
| Total | | <u><u>533,702,856</u></u> | <u><u>199,751,657</u></u> |

Corporate information and Significant Accounting Policies

1 & 2

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Place: Pune
Date: September 30, 2013



For and on behalf of the Board of Directors

S.P. Paranjape
Shrikant P. Paranjape
Director

Khushru B. Pillina
Khushru B. Pillina
Director

Dr. Sunil S. Patil
Dr. Sunil S. Patil
Director

Place: Pune
Date: September 30, 2013.

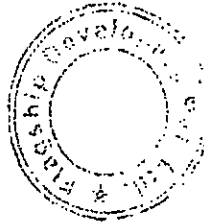
FLAGSHIP DEVELOPERS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March, 2013
Particulars

| | Note No. | For the year ended 31st March, 2013 Rs. | For the year ended 31st March, 2012 Rs. |
|---|----------|--|--|
| 1 Revenue from Operations | | - | - |
| 2 Other Income | | - | - |
| 3 Total Revenue (1+2) | | - | - |
| 4 Expenses | | | |
| (a) Employee Benefits Expense | 15 | 578,615 | 1,531,516 |
| (b) Finance Costs | 16 | - | - |
| (c) Depreciation and Amortisation Expense | 11 | - | - |
| (d) Other Expenses | 17 | 714,272 | 293,227 |
| Total expenses | | <u>1,292,887</u> | <u>1,824,743</u> |
| 5 Profit / (Loss) Before Tax | | (1,292,887) | (1,824,743) |
| 6 Tax Expense | | | |
| (a) Current Tax | | - | - |
| (b) Deferred Tax | | - | - |
| 7 Profit / (Loss) After Tax | | (1,292,887) | (1,824,743) |
| Earning / (loss) per share of Rs. 10/- each | | | |
| Basic (Refer Note 20) | | (12.53) | (17.68) |

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner



Place: Pune
Date: September 30, 2013

For and on behalf of the Board of Directors

S. P. Paranjape
Shrikant P. Paranjape
Director

K. B. Jijina
Khushru B. Jijina
Director

Dr. Sunil S. Patil
Dr Sunil S. Patil
Director
Place: Pune
Date: September 30, 2013.