

Deloitte Haskins & Sells LLP

Chartered Accountants
706, B' Wing, 7th Floor
ICC Trade Tower
International Convention Centre
Senapati Bapat Road
Pune - 411 016
Maharashtra, INDIA
Tel: +91 (20) 6624 4600
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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, 2014, the Statement of Profit and Loss and the Cash Flow Statement 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, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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.

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

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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, 2014; 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.
- (c) in the case of the Cash Flow Statement, of the cash flows 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, 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, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W-100018)

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

PUNE, 8th September, 2014

Deloitte Haskins & Sells LLP

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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), (xii), (xiii), (xiv), (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, granted/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. 711,321,426/- from one party during the year. At the year-end, the outstanding balance of the loan was Rs. 1,039,535,241/- (one party) and the maximum amount involved during the year was Rs. 1,039,535,241/- (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) In the absence of stipulations, we are unable to comment on the regularity of the payments of principal amounts and interest.

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- (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 immovable properties where there is probability of claims regarding title to such properties, in our opinion, there is an 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, having regard to our comments in paragraph (iii) above, the transactions have been made at prices which are *prima facie* reasonable having regard to the 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 made and 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, 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, 2014.

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(h) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2014 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 :-

Name of Statute	Nature of Dues	Amount (Rs)	Period to which it relates	Due Date	Date of Payment
Income Tax Act, 1961	Tax Deducted at Source	115,998	April 2013-May 2013	7 th of subsequent month	Rs. 105,590 paid on May 27, 2014 and Rs. 14,073 paid on May 26, 2014
The Maharashtra Labour Welfare Act, 1953	Labour Welfare Fund	3,120	June 2012, December 2012 and June 2013	15 th July 2012, 15 th January 2013 and 15 th July 2013 respectively	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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution. The Company has not borrowed any funds from banks. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loan has been applied by the Company during the year for the purpose for which it was obtained, other than temporary deployment pending application.
- (xii) 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, we report that funds raised on short-term basis aggregating approximately Rs.1,030,793,756/- have been used during the year for long term investments.
- (xiii) During the year, 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.

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- (xiv) 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 LLP
Chartered Accountants
(Registration No. 117366W / W-100018)


Hemant H. Joshi
Partner
(Membership No: 38019)

PUNE, 24th September, 2014

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Special Economic Zone (Co-Developer)

- Site Office: Plot No 02, Blue Ridge Township, Near Cognizant, Near Rajiv Gandhi Infotech Park, Hinjewadi Phase I, Pune 411 057
- Telephone: 020-39803980 Fax: 020-39803911
- Email: contact@blueridge.in • Website: www.blueridge.in

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, 2014.

FINANCIAL RESULTS AND OPERATIONS

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

PARTICULARS	(Rupees in Lacs)	
	2013-14	2012-13
INCOME		
Income from Operations	-	-
Other Income	-	-
EXPENDITURE		
Employee Expenses	-	5.79
Finance Cost	2.40	-
Depreciation	0.01	-
Other Expenses	11.10	7.14
Total Expenditure	13.51	12.93
PROFIT/(LOSS) BEFORE TAX	(13.51)	(12.93)
Provision for Current Tax	-	-
PROFIT/(LOSS) AFTER TAX	(13.51)	(12.93)

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.

Registered Office: Blueridge, Near Cognizant, Rajiv Gandhi Infotech Park - Phase I, Hinjewadi, Pune 411 057

CIN: U45201PN2005PTC020888

Corporate Office: PSC HOUSE, CST NO 111+111/2, Anand Colony, Off Prabhat Road, Pune 411 004

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees:

The Company did not have any employee during the year, whose particulars are required to be disclosed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

2. Conservation of Energy & Technology Absorption:

The Company is not a manufacturing Company hence, the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

3. Foreign Exchange Earnings and Outgo:

There were no foreign exchange earnings and outgo during the year under review.

DIRECTORS

The Board of Directors of the Company is duly constituted. Pursuant to the provisions of the Companies Act, 2013 and in terms of Article 30 of the Articles of Association of the Company, none of the Directors are liable to retire by rotation.

During the year under review, there was no change in the composition of the Board of Directors

COMPLIANCE CERTIFICATE

Pursuant to the provisions of Section 383A of the Companies Act, 1956, Compliance Certificate of Mr. Amit Punde, Company Secretary, is annexed to this Directors' Report.

REPLY TO AUDITOR'S COMMENTS:

The reply to Board of Directors on comments / qualifications made by the Auditors are as follows:

1. *Comment in Para vii(b) of Annexure to Auditors' Report regarding delay exceeding 6 months in depositing the statutory dues with the Government Authorities:*

The Board of Directors have to state that the delays were on account mistakes on account of change in accounting software. The management is upgrading the internal systems so that such delays do not recur in future.

2. *Comment in Para viii of Annexure to Auditors' Report regarding cash losses:*

The Directors have to state that the Company is developing IT & IT specific Special Economic Zone & the income stream will start only after completion of Project, till that time Company will incur cash losses towards administrative expenses not charged to project.

3. *Comment in Para xii of Annexure to the Auditors' Report regarding usage of funds raised on Short term basis for Long term investments:*

The Board of Directors has to state that funds raised on short term basis represents the expenses incurred from the appointment date to the effective date of the scheme of arrangement of demerger & expenses incurred post effective date to balance sheet date and reimbursable to Flagship Infrastructure Private Limited. The company is in process of repaying the funds in succeeding financial year.

AUDITORS

M/s. Deloitte Haskins & Sells LLP., Chartered Accountants, (Firm Registration No.117366W/W-100018) Pune, will retire at the conclusion of the forthcoming Annual General Meeting. They have consented to continue in the current year also. As per Section 139 of the Companies Act, 2013 an Auditor is required to be appointed from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company on remuneration as may be agreed upon by the Board of Directors and the Auditors.

You are requested to appoint the auditors accordingly and fix their remuneration.

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, 2014 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.

CASES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The number of cases filed, if any and their disposal under this Act is NIL.

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


SHASHANK PARANJAPE
DIRECTOR
DIN: 00131956


DR. SUNIL PATIL
DIRECTOR
DIN: 00350283

Place: Pune
Date: 8th September 2014

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	1,032,230	1,032,230
(b) Reserves and Surplus	4	110,173,619	111,523,091
(c) Money Received against Share Warrants	5	-	2,000
		<u>111,205,849</u>	<u>112,557,321</u>
2 Non-Current Liabilities			
(a) Long-Term Borrowing	6	200,000,000	-
(b) Other Long-Term Liabilities	7	3,310,373	1,438,430
(c) Long Term Provisions	8	1,124,314	866,200
		<u>204,434,687</u>	<u>2,324,630</u>
3 Current Liabilities			
(a) Short-Term Borrowings	9	1,039,535,241	328,213,815
(b) Trade Payables	21.2 & 22.5	3,951,771	395,508
(c) Other Current Liabilities	10	175,993,356	89,742,102
(d) Short-Term Provisions	11	408,193	469,480
		<u>1,219,888,761</u>	<u>418,820,905</u>
Total		<u><u>1,535,529,297</u></u>	<u><u>533,702,856</u></u>
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	8,945	-
(ii) Intangible Assets	12	55,374,163	55,374,163
(iii) Capital Work-in-Progress		1,115,193,380	432,008,819
(b) Deferred Tax Assets	22.7	-	-
(c) Long Term Loans and Advances	13	56,769,804	35,461,735
(d) Other Non-Current Assets	14	119,088,000	-
		<u>1,346,434,292</u>	<u>523,644,717</u>
2 Current assets			
(a) Cash and Cash Equivalents	15	185,694,452	10,028,139
(b) Short-Term Loans and Advances	16	930,150	30,000
(c) Other Current Assets	17	2,470,403	-
		<u>189,095,005</u>	<u>10,058,139</u>
Total		<u><u>1,535,529,297</u></u>	<u><u>533,702,856</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 LLP
Chartered Accountants

Hemant M. Joshi
Partner
Office Pune
Date: 8th September, 2014



For and on behalf of the Board of Directors

S. P. Paranjape
Director
Place: Mumbai
Date: 8th September, 2014

Dr. Sunil Patil
Director

FLAGSHIP DEVELOPERS PRIVATE LIMITED

Statement of Profit and Loss for the year ended 31st March, 2014
Particulars

	Note No.	For the year ended 31st March, 2014 Rs.	For the year ended 31st March, 2013 Rs.
1 Revenue from Operations			
2 Other Income			
3 Total Revenue			
4 Expenses			
(a) Employee Benefits Expense	18		378,615
(b) Finance Costs	19	240,463	
(c) Depreciation and Amortisation Expense	12	855	
(d) Other Expenses	20	1,310,154	714,272
Total expenses		<u>1,351,472</u>	<u>1,292,887</u>
5 Profit / (Loss) Before Tax		(1,351,472)	(1,292,887)
6 Tax Expense			
(a) Current Tax			
(b) Deferred Tax			
7 Profit / (Loss) After Tax		(1,351,472)	(1,292,887)
Earning / (Loss) per share of Rs. 10/- each Basic and Diluted (Refer Note 22.6)		(13.09)	(12.53)

See accompanying notes for more part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells (J.P.)
Chartered Accountants

Hemant P. Washi
Partner
Place: Mumbai
Date: 8th September, 2014



For and on behalf of the Board of Directors

S.P. Parajape
Shrikant P Parajape
Director
Place: Mumbai
Date: 5th September, 2014

Dr. Subodh Patil
Director