

DIRECTORS' REPORT

Dear Members,

The Board of Directors is pleased to present the Nineteenth Annual Report along with Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017.

Financial Performance

The Standalone Financial Performance of the Company for the financial year 2016-17 is summarized as under:

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2017	For the year ended 31.03.2016
Total Income	114742.96	80,090.62	163801.25	155151.81
Less: Total Expenses	114221.10	98,669.39	161639.16	146923.74
Profit / (Loss) before tax				
Less: Provision for Tax:				
1. Current Tax	0	337.95	377.68	667.72
2. MAT Credit Entitlement	0	206.74	(171.86)	112.90
3. Income tax earlier years	(7141.96)	0	(7180.42)	0
4. Deferred Tax	6968.79	(2857.41)	6439.42	2356.26
Other Comprehensive Income	(8.87)	5.85	455.35	(375.97)
Total Comprehensive Income/(Loss) for the year	686.16	(16280.20)	3048.86	4686.48

Business Overview

Real Estate Sector, a key economic sector in terms of its direct GDP contribution and a key employment generator in terms of its forward and backward linkages with over 250 industries, is cyclical in nature and is primarily driven by consumer sentiments, monetary policy and overall economic outlook. After clear majority at center and government inclination to increase investment in real estate, this sector has potential to drive the demand in 2017-18.

Your Company posted a consolidated total income of Rs 114,742.96 lakhs and consolidated profit after tax of Rs 686.16 lakhs during the year ended March 31, 2017.

Despite the current uncertainties and challenges in the Real Estate environment, the Company is continuously maintaining its focus on project execution & delivery by optimal utilization of available resources, surplus asset sales, targeting mid segment housing markets to ensure sustained order book growth, continuing focus on enhancing the quality of service delivery to its customers and cost management across various functions. We believe our focused approach and large asset base will help us sustain and overcome the overall economic uncertainty in F.Y 2016-17/2017-18 and for future years to come.

DIVIDEND

During the year under review, no dividend was recommended by the Board of Directors of Vatika Limited for F.Y 2016-17.

For VATIKA LIMITED
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SHARE CAPITAL

The paid up equity share capital of Vatika Limited as at March 31, 2017 stood at Rs 5,56,882,090.

Subsidiaries, Joint Ventures and Associate Companies

Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 ("the Act"), a statement, containing salient features of financial statements of Company's subsidiaries, joint ventures and associates (in Form AOC-1), is attached to the financial statements as Annexure. The said statement describes the performance and financial position of each of Company's subsidiaries, joint ventures and associates.

The Company had 40 subsidiaries as on March 31, 2017 as set out below:

1. *Vatika Hotels Private Limited
2. *SH Tech Park Developers Private Limited
3. *Vatika Jalpur SEZ Developers Limited
4. *Aspire Promoters Private Limited
5. *Famous Dwellers Private Limited
6. *Valterna Promoters and Developers Private Limited
7. *Vatika IT Parks Private Limited
8. *Gates Developers Private Limited
9. #Trishul Propbuild Limited
10. *Vatika Overseas Limited
11. **Blossom Properties Private Limited
12. **Crazy Properties Private Limited
13. **Pegasus Infrastructure Private Limited
14. **Sahar Land and Housing Private Limited
15. **Espo Developers Private Limited
16. **Mendell Developers Private Limited
17. **Caspar Developers Private Limited
18. **Fermina Developers Private Limited
19. **Winston Developers Private Limited
20. **Avenio Developers Private Limited
21. **Brock Developers Private Limited
22. **Stedman Developers Private Limited
23. **Vatika One India Next Private Limited
24. **Sanskar Buildtech Private Limited
25. **Nekshatra Buildcon Private Limited
26. **Vatika Infratech Private Limited
27. **Magna Developers Private Limited
28. **Vatika Infracon Private Limited
29. **Payton Developers Private Limited
30. **Vatika One on One Private Limited
31. **Minorca Developers Private Limited
32. **Galina Developers Private Limited
33. **Metis Developers Private Limited
34. **Pedro Developers Private Limited
35. **Clara Developers Private Limited
36. **Aster Promoters & Developers Private Limited
37. **Eberja Developers Private Limited
38. **Antonius Developers Private Limited
39. **Pandora Builders Private Limited
40. **VLM Projects Private Limited

* Wholly owned subsidiaries

** Wholly owned subsidiaries through group companies.

The Company is in the process of voluntary winding up.

During the year, the Board reviewed the affairs of its subsidiaries. In accordance with Section 129(3) of Companies Act, 2013, the consolidated financial statements of the company have been prepared.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard (AS) 21 on Consolidated Financial Statement, the Audited Consolidated Financial Statement for the year ended March 31, 2017 is provided in the

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Annual Report, which includes the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

Pursuant to Section 129 of the Companies Act, 2013 (the Act) read with Rule 5 of the Companies (Account) Rules, 2014, a statement containing salient features of the financial statements of subsidiary in Form AOC -1 is attached as Annexure-1 to Consolidated Financial Statement forming part of this Annual Report.

FIXED DEPOSITS

During the year under review, your Company (Vatika Limited) has not accepted any deposits under Chapter V of the Act.

Further, the Company had launched a fixed deposit scheme on 19th February, 2015 under the provisions of Companies Act, 2013, details as under:

- Accepted during the year - NIL
- Remained unpaid or unclaimed as at the end of the year- 3.98 Cr.
- Whether there has been any default in repayment of deposits or payment of interest thereon during the year-NIL

The details pertaining to the Fixed Deposits are as below:

- Accepted during the year - NIL
- Remained unpaid or unclaimed as at the end of the year- Nil
- Whether there has been any default in repayment of deposits or payment of interest thereon during the year-NIL

LOANS, GUARANTEES AND INVESTMENT

All the investments made by the Company (Vatika Limited) were in accordance with the provisions of Section 188 of the Act and the rules made thereunder. The Board of Directors of the Company has duly constituted an Borrowing and Investment Committee that after proper evaluation and assessment of all the proposed investment proposals as per specified parameters, provides its recommendation to the Board. The details of all current and non-current investments of the Company are duly disclosed in the Notes to Standalone Financial Statements.

Amounts Transferred to Reserves

The company has made adjustments to Reserves & Surplus account during the year and accordingly Rs 54248.31 lakhs has been posted as Reserves & Surplus for the year.

Debentures

During the F.Y. 2016-17, Vatika Limited issued and allotted 17758 Secured, Unlisted, Unrated, Fully redeemable, Non Convertible Zero Coupon Debentures of face value of Rs. 10,00,000/- each issued at a discount of Rs 127153.90/- per debenture, aggregating issue value of Rs. 15,50,001,043/- and 3000 Secured, Unlisted, Unrated, Fully redeemable, Non Convertible Debentures of face value of Rs. 10,00,000/- each issued at par.

Details of Directors and Key Managerial Personnel

In accordance with the provisions of Section 152 of the Act and the rules made there under, Mr. Gaurav Bhalla, Director (DIN:00005060), retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Directors recommend re-appointment of Mr Gaurav Bhalla at the ensuing Annual General Meeting.

During the year under review, Mr. Vineet Teing resigned from the Directorship of the Company and Ms. Deepa Sibal was appointed as additional independent director.

As on date the Board of Vatika Limited comprises of Mr Anil Bhalla-Chairman of the Company, Mr Gautam Bhalla-Managing Director, Mr Gaurav Bhalla-Director, Ms Deepa Sibal-Women Director, Mr Raj Kumar Sahni-Chief Financial Officer and Mr Manu Raj Singh-Independent Director of the Company.

Declaration by Independent Directors

Independent Directors of the Company have declared to the Company (Vatika Limited) that they meet the criteria of independence as provided under Section 149(6) of the Act.

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors keeping in view the code of conduct prescribed under Schedule IV of Companies Act, 2013.

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Formal Annual Evaluation

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board and the nomination and remuneration committee reviewed the performance of individual directors on the basis of criteria such as the contribution of individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of independent directors, performance of non-independent directors and the board was evaluated, taking into account the views of executive and non-executive directors.

Board Meetings

During the Financial Year 2016-17, Fourteen (14) meetings of the Board of Directors of Vatika Limited were held to transact the business of the Company. The time gap between the two consecutive Board Meetings did not exceed 120 days. The details of the Board Meetings are provided below:

<u>S. No.</u>	<u>Date of Board Meeting</u>
1	13.04.2016
2	18.05.2016
3	23.05.2016
4	18.08.2016
5	29.09.2016
6	03.10.2016
7	29.11.2016
8	08.12.2016
9	14.12.2016
10	21.12.2016
11	02.01.2017
12	01.02.2017
13	28.03.2017
14	30.03.2017

NOMINATION AND REMUNERATION POLICY

As per provisions of Section 178(3) of the Act, on the recommendation of the Nomination and Remuneration Committee, your Company has formulated a Nomination and Remuneration Policy. The policy is formulated for:

- > setting criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions of the Company;
- > to determine remuneration, based on the Company's size, financial position, trends and practices on remuneration prevailing in the industry; and
- > to carry out evaluation of the performance of Directors, Key Managerial and Senior Management Personnel and to attract, retain, motivate, and promote talent and to ensure long-term sustainability of talented Managerial Persons and create competitive advantage.

The Nomination and Remuneration Committee of Vatika Limited comprises of Mr. Gautam Bhalla, Ms. Deepa Sibal and Mr. Manu Raj Singh.

Total Five (5) meetings of Nomination and Remuneration Committee were held in Financial Year 2016-17.

BOARD EVALUATION

As per Section 178 of the Act, performance evaluation of the individual Directors, Chairman, Board and Committees thereof is an annual exercise. Based on the criteria set by the Nomination and Remuneration Committee, performance of Independent Directors was evaluated by the Board of Directors. Independent Directors in their separate meeting evaluated the performance of non-independent Directors, including the Chairman, Board and Committees thereof. Evaluation results were discussed in the Board Meeting of Vatika Limited. The Board was satisfied with the evaluation results that reflected the overall engagement of the Directors individually, the Board and its Committees.

PARTICULARS OF DIRECTORS AND EMPLOYEES

Pursuant to Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details/information related to the remuneration of employees are set out in Annexure to this Report.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Directors confirm the following:

- a. In the preparation of the 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 profit and loss of the Company for that period;
- 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;
- d. The Directors have prepared the Annual Accounts on a going concern basis;
- e. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL

The Company (Vatika Limited) has a robust system of internal financial control, commensurate with the size and complexity of its business operations. It ensures that all the business transactions are recorded in a fair and transparent manner. The Company has appointed M/s Felix Advisory Private Limited, Chartered Accountants firm as Internal Auditors that scrutinizes the financials and other operations of the Company. The Internal Auditors also check if the applicable laws have been complied with or not. Internal Auditors directly report to the Audit Committee. Based on the findings of Internal Auditors, process owners undertake corrective actions in their respective areas. During the year and at the year-end, such controls were tested for adequacy and operating effectiveness and no reportable material weakness or significant deficiency was observed in the design or operations.

RISK MANAGEMENT

During the year, your Company (Vatika Limited) has formulated a Risk Management Policy to assist the Board in:

- > Overseeing and approving the Company's enterprise wide risk management framework; and
- > Overseeing that all the risks that the organization faces, such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company's management systems, organizational structure, processes, standards, code of conduct, and behavior together form a System that governs how the Company conducts its business and manage the associated risks.

Your Company carries out a periodical exercise to identify various risks involved in the business and operations of the Company. After identification, such risks are assessed for the degree of risks involved and steps are taken to mitigate those risks. The objective of such exercise is to mitigate the probable adverse impact on business operations and thus enhance the competitiveness. The risk assessment process of the Company defines the risk management approach at all levels across the organization, including determining the degree of risks and suitable steps to be taken to avoid the probable harm.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2016-17 in the prescribed format, AOC 2 has been annexed as Annexure 2 with the report.

AUDIT COMMITTEE

Composition of the Audit Committee of the Company is in accordance with Section 177 of the Act, comprising Mr. Manu Raj Singh-Independent Director, Ms. Deepa Sibal-Independent Director and. Mr Gautam Bhella-Managing Director.

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During F.Y. 2016-17 Five (5) meetings of the Committee of Vatika Limited were held.

The Board has accepted all the recommendations made by the Audit Committee.

VIGIL MECHANISM

The Company (Vatika Limited) has adopted a Vigil Mechanism Policy that has been communicated to all the Directors and employees of the Company through Vconnect portal. The Company is committed to have highest possible transparency in its operations. The objective of the Company's Policy is to allow employees an avenue to raise concerns, in line with Vatika's commitments to the highest possible standards of ethical, moral, and legal business conduct and its commitment to open communications. Employees can, on a confidential basis, report such matters to ombudsman which may lead to incorrect financial reporting, or of serious nature, unlawful, not in line with the Code of Conduct of the Company, or amounts to improper conduct. The Policy provides complete confidentiality and safeguard of the employees who raises the issue against any improper conduct.

ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is attached to this Report as Annexure A.

Auditors and Auditors Report

Statutory Auditors

M/s Walker Chandok & Co. LLP Chartered Accountants, New Delhi (Firm Regd No. 001076N) were appointed as statutory auditors of the Company in the Seventeenth Annual General Meeting till the Twenty One Annual General Meeting of the Company subject to the ratification at general meeting by members. They resigned as statutory auditors of the Company during the year under review and the casual vacancy was filled up by M/s JAC & Company, Chartered Accountants who hold office upto the date of ensuing Annual General Meeting.

The Notes on financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Statutory Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

Cost Auditors

As per the applicable provisions, Gurvinder Chopra & Co. Cost Accountants had been appointed as the Cost Auditors of the Company for the FY 2016-17.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 M/s. Gurvinder Chopra & Co. Cost Accountants (firm registration no. 100260), have been re-appointed as Cost Auditors of the Company (Vatika Limited) for FY 2017-18 subject to ratification at the ensuing annual general meeting.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Abhishek Gupta & Associates, Company Secretaries in practice to undertake the Secretarial Audit of the Company for F.Y. 2016-17. The Report of the Secretarial Audit in MR-3 is annexed herewith as Annexure B.

The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of Mr. Anil Bhatta, Mr. Gautam Bhatta and Ms. Deepa Sibal.

Since the Company has incurred average losses considering the last 3 years, no contribution was made towards CSR during the financial year. A brief outline of the CSR Policy of the Company, the CSR initiatives undertaken during the financial year with the progress thereon and the Annual Report on CSR activities as required by the Companies (Corporate Social Responsibility Policy) Rules, 2014, are set out in Annexure C to this Report.

Borrowing and Investment Committee

The Borrowing and Investment Committee comprises of Mr. Anil Bhatta and Mr. Gautam Bhatta as members. During the financial year 2016-17, Thirteen (13) Meetings of the Committee were held.

For VATIKA LIMITED

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Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

- A. Conservation of energy:**
- a) the Company is not engaged in any manufacturing activity and hence, no reporting on the conservation of energy is required;
 - b) further, the company has not made any additional investment and there are no existing proposals for reduction of energy consumption for reasons mentioned in point (a);
 - c) for reasons mentioned in point (a), impact of energy conservation measures cannot be ascertained;
 - d) disclosures on total energy consumption and energy consumption per unit of production cannot be made as company is not engaged in any manufacturing activity.
- B. Technology absorption:**
- (a) the Company has not entered into any agreement for technology absorption. Hence, reporting on the same cannot be made.
- C. Foreign exchange earnings and outgo:**
- a) during the period under review, there were no activities relating to exports.
 - b) The Foreign exchange earnings and outgo (FOB basis) of the Company is as follows:

Particulars	(Figures in lakhs)
	Current Year (2016-2017)
Earnings	0
Outgo*	1226.74

*Expenditures in foreign exchange are on accrual basis.

SIGNIFICANT DEVELOPMENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Except the events disclosed elsewhere in the Annual Report, no significant change or development that could affect the Company's financial position has occurred between the end of the financial year and the date of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY ANY REGULATORS OR COURT OR TRIBUNAL


There is no significant material order passed by any regulator or court that would impact the going concern status or future business operations of the Company.

APPRECIATION

Your Directors wish to place on record their sincere appreciation for the contributions made by the Company's employees at all level. The Board also thanks its members, customers, vendors, government banks and all other business associates for their continuous support.

For and on behalf of the Board of Directors of
Vatika Limited

Date: 28.09.2017
Place: Gurgaon


Gaurav Bhalla
Director
DIN: 00005060
Address : Farm No 4,
Hyde Park, Sultanpur,
Mehrauli,
New Delhi - 110030


Gaurav Bhalla
Managing Director
DIN: 00005043
Address: Farm No 4,
Hyde Park, Sultanpur,
Mehrauli, New Delhi -
110030

For VATIKA LIMITED

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JAC & COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Members of Vatika Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Vatika Limited ('the Company'), which comprise the Balance sheet as at March 31, 2017, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rule 2015, as amended. 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 judgments 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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



For VATIKA LIMITED


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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 standalone Ind AS 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, 2017, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company as at and for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these standalone Ind AS financial statements, are based on previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors whose report for the year ended March 31, 2016 and March 31, 2015 dated September 29, 2016 and September 21, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and 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 including the Statement of Other Comprehensive Income, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rule, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report;
 - (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 has disclosed impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 45;
 - ii. The Company did not have any long- term contracts including derivative contracts for

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J A C & Company

Chartered Accountants

- 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;
- iv. The Company has provided requisite disclosures in Note 16 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For J A C & Company
Chartered Accountants
Firm registration number: 016001C


Sandeep Agarwal
Partner
Membership number: 508472



Place: Gurgaon
Date: 26th September, 2017

For VATIKA LIMITED

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Annexure - A referred to paragraph 1 under heading "Report on other legal and regulatory requirements" of our report of even date

Re: Vatika Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds/ development rights of immoveable properties included in fixed assets/ property, plant and equipment are held in the name of the Company except the following:

Nature of Property, plant and equipment/ investment property	Whether leasehold/ freehold	Gross block as on March 31, 2017 (Rs. In lacs)	Net block as on March 31, 2017 (Rs. In lacs)	Remarks
Building	Freehold	509.26	228.75	Pertaining to First India Place
Building	Freehold	570.86	326.21	Pertaining to Vatika Towers and Atrium, property transferred consequent to amalgamation of companies into the Company in earlier years while title deeds still continue in erstwhile company's name

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory represented by development rights as at the year- end for which written confirmations have been obtained by the management. No material discrepancies were noted on the aforesaid verification.
- (iii) The Company has granted both interest bearing and interest- free loans to companies covered in the register maintained under section 189 of the Companies Act, 2013; and with respect to the same:
- (a) in our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;
- (b) in respect of interest bearing loans- the schedule of repayment of principal and payment of interest has been stipulated and are not currently due for repayment/ payment. Further, in respect of interest free loan- the schedule of repayment has been stipulated wherein the principal amounts are repayable on demand and as informed by the Company, since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular;
- (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion and according to the information and explanation given to us, the Company

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has complied with provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

- (v) In our opinion, the Company has complied with directives issued by Reserve Bank of India, the provisions of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regards to deposits accepted. According to the information and explanation given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013, related to Company's real estate projects, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed dues including provident fund, employee state insurance, custom duty, value added tax, cess, service tax, income tax and other material statutory dues applicable have been regularly deposited with the appropriate authorities though there have been slight delays in few cases. There were no undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable. The provisions related to excise duty are not applicable to the Company.
- (b) According to the records of the Company, there are no disputed dues of wealth tax, custom duty, excise duty and cess as at March 31, 2017, which have not been deposited on account of any dispute. The following are the particulars of Income- tax, value added tax and service tax dues, which have not been deposited/ deposited under protest as at March 31, 2017 by the Company on account of dispute:

Name of statute	Nature of dues	Amount (Rs.in lacs)	Amount paid under protest (Rs.in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income- tax	2.45	-	Assessment Year 1996-97	CIT (Appeals)
Income tax Act, 1961	Income- tax	262.25	290.41	Assessment Year 2003-04	CIT (Appeals)
Income tax Act, 1961	Income- tax	2,621.73	-	Block assessment May 2003	Honorable High Court at Delhi
Income tax Act, 1961	Income- tax	8.87	-	Assessment Year 2006-07	Income Tax Appellate Tribunal
Income tax Act, 1961	Income- tax	1,090.83	263.11	Assessment Year 2008-09	Income Tax Appellate Tribunal
Income tax Act, 1961	Penalty	95.07	108.38	Assessment Year 2008-09	Income Tax Appellate Tribunal
Income tax Act, 1961	Income- tax	7,681.28	213.54	Assessment Year 2009-10	Income Tax Appellate Tribunal



For VATIKA LIMITED

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Name of statute	Nature of dues	Amount (Rs.in lacs)	Amount paid under protest (Rs.in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income- tax	51.97	-	Assessment Year 2007-08	CIT (Appeals)
The Finance Act, 1994 and Service Tax Rules	Service tax	347.67	7.60	Financial Year 2003-04 to 2011-12	Customs Excise and Service Tax Appellate Tribunal, Delhi

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to the government.
- (ix) The Company did not raise monies by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which they were obtained.
- (x) Based on audit procedures performed for the purpose of reporting true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been provided and paid by the Company (being an unlisted public company) in accordance with the requisite approvals and fulfilment of conditions as mandated by the provisions of Rule 7(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Accordingly, limits specified under the provisions of Section 197 of the Act read with Schedule V to the Act are not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company and hence, not commented upon.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.



For VATIKA LIMITED

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J A C & Company

Chartered Accountants

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For J A C & Company
Chartered Accountants
Firm registration number: 016001C


Sandeep Agarwal
Partner
Membership number: 508472



Place: Gurgaon
Date: 26th September, 2017

For VATIKA LIMITED


Authorised Signatory

Annexure - B referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Ind AS financial statements of Vatika Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vatika Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

For VATIKA LIMITED

Authorised Signatory





J A C & Company

Chartered Accountants

company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For J A C & Company
Chartered Accountants
Firm registration number: 016001C


Sandeep Agarwal
Partner
Membership number: 508472



Place: Gurgaon
Date: 26th September, 2017

For VATIKA LIMITED

Authorised Signatory

Vatika Limited
Balance Sheet as at 31 March 2017

	Notes	31 March 2017 (₹ in lakhs)	31 March 2016 (₹ in lakhs)	01 April 2015 (₹ in lakhs)
ASSETS				
Non-current assets				
Property, plant and equipment	4	542.29	647.38	869.23
Investment property	5	558.23	8,796.70	5,350.78
Intangible assets	6	1.68	6.75	12.90
Financial assets				
Investments	7	89,933.73	85,351.79	114,480.38
Loans	8	10,341.40	15,936.93	11,864.84
Other financial assets	9	2,144.08	2,456.22	4,434.52
Deferred tax assets (net)	10	23,016.10	29,980.21	27,332.63
Non-current tax assets (net)	11	10,551.81	8,097.76	6,101.74
Other non-current assets	12	636.21	2,381.54	2,179.25
Total non-current assets		137,728.53	153,655.28	172,626.27
Current assets				
Inventories	13	345,014.47	347,933.83	312,236.41
Financial assets				
Trade receivables	15	119,393.78	105,994.76	137,881.42
Cash and cash equivalents	16	1,754.32	6,154.39	12,554.37
Other bank balances	17	4,581.40	4,380.94	2,996.69
Loans	18	9,979.06	9,506.36	1,913.92
Other financial assets	19	7,056.61	1,299.13	929.39
Other current assets	20	382,643.12	306,794.56	211,842.59
Total current assets		870,422.85	782,072.97	680,334.79
Assets held for sale	14	-	-	7,701.86
Total assets		1,008,148.38	935,728.25	860,662.92
EQUITY AND LIABILITIES				
Equity				
Equity share capital	21	5,568.82	5,568.82	5,568.82
Other equity	22	63,840.31	63,154.17	79,414.39
Total equity		69,409.13	68,722.99	84,983.21
Non-current liabilities				
Financial liabilities				
Borrowings	23	228,489.55	107,067.24	157,250.93
Other financial liabilities	24	1,512.89	1,250.42	1,402.34
Long-term provisions	25	840.97	1,037.87	431.40
Other non-current liabilities	26	1,015.40	924.56	797.08
Total non-current liabilities		231,858.81	110,280.09	159,881.75
Current liabilities				
Financial liabilities				
Borrowings	27	135,394.87	157,483.11	159,443.14
Trade payables	28	78,722.80	64,154.21	71,922.55
Other financial liabilities	29	40,184.47	59,514.03	78,420.80
Other current liabilities	30	422,398.43	396,619.37	318,479.20
Short term provisions	31	28,022.97	69,655.58	78,801.21
Current tax liabilities (net)	32	2,156.90	9,298.87	8,731.06
Total current liabilities		706,880.44	756,725.17	615,797.96
Total liabilities		938,739.25	867,005.26	775,679.71
Total equity and liabilities		1,008,148.38	935,728.25	860,662.92

Summary of significant accounting policies 3
The accompanying notes are integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For JAC & Company
Chartered Accountants
Firm Registration No: 0160010

Sandeep Agarwal
Partner
Membership No: 508472

Place: Gurgaon
Date: 26 September 2017

For and on behalf of the Board of Directors

Gaurav Bhalla
Managing Director
DIN: 00005043

Raj Kumar Sahni
Chief Financial Officer

Gaurav Bhalla
Director
DIN: 00005060



For VATIKA LIMITED

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