



VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAVA BHARAT VENTURES LIMITED, HYDERABAD.

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of NAVA BHARAT VENTURES LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

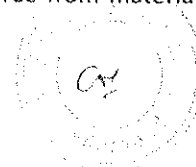
Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 Financial Statements based on 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 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 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 Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

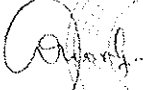


(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Hyderabad
Date : May 29, 2015

for BRAHMAYYA & CO;
Chartered Accountants
Firm's Registration Number: 000513S


(P. CHANDRAMOULI)
Partner
Membership Number: 025211

Annexure to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of NAVA BHARAT VENTURES LIMITED, HYDERABAD, for the year ended March 31, 2015.,

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has granted unsecured loan to a Company covered in the register maintained under Section 189 of the Companies Act, 2013. The maximum amount involved during year was USD 6.00 M (equivalent to Rs. 3,749.70 Lakhs) and the year-end balance of such loan was USD 6.00 M (equivalent to Rs. 3,749.70 Lakhs).
b. In our opinion and according to the information and explanations given to us, receipt of the principal amount and interest are as per the terms of such unsecured loan.
4. We are informed that the prices charged to Subsidiary Companies cannot be compared with alternative quotations as most of the items / transactions are of special in nature. Read with the above, in our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and 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.

7. a. According to the records of the Company, the company regular in depositing undisputed statutory dues including provident fund, employees 'state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax , cess and any other statutory dues with the appropriate authorities.
- b. According to the records of the Company, no un disputed statutory dues including provident fund, employees 'state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax , cess and any other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of payment
AP-AL(CFNAP) Act , 2006	Land Conversion Tax	64,66,061	2010 -11		Not yet paid
Orissa Electricity Duty Act, 1961	Electricity Duty	10,91,227 3,25,551 90,239	2008-09 2009-10 2012-13	30.04.2009 30.04.2010 30.04.2013	Not yet paid
Customs Act,1962	Customs Duty	17,61,860	1985- 87		Not yet paid
GoAP (I& CAD Dept.)	Water Charges	3,04,945 1,56,781 1,56,867 2,60,127 1,31,924 1,52,700	2008-09 2009-10 2010-11 2011-12 2012-13 2013-14	30.04.2009 30.04.2010 30.04.2011 30.04.2012 30.04.2013 30.04.2014	Not yet paid
OSPCB	Water Cess	52,560 60,994 11,518	2008-09 2009-10 2011-12	30.04.2009 30.04.2010 30.04.2012	Not yet paid
GoAP, APPCB	Water Cess	12,484 15,976	2008-09 2013-14	31.03.2009 31.03.2014	Not yet paid
The A.P. Electricity Duty Act, 2003 (as amended)	Electricity Duty	72,60,282	2003-04 to 2007-08	15.04.2008	Not yet paid
- do -	- do -	4,07,520	2008- 09	30.04.2009	Not yet paid
- do -	- do -	4,37,520 2,51,868 5,35,680 5,14,944 53,24,777	May 2010 Jun 2010 July 2010 Aug 2010 Sept 2010	30.06.2010 31.07.2010 31.08.2010 30.09.2010 31.10.2010	Not yet paid
- do -	- do -	52,39,126	2003-04 to 2010-11	30.04.2012	Not yet paid

The A.P. Electricity Duty Act, 2003 (as amended)	Electricity Duty	48,979 6,45,905 4,95,380	April 2011 May 2011 March 2012	31.05.2011 30.06.2011 30.04.2012	Not yet paid
- do -	- do -	7,12,759 5,59,577	2012-13 2013-14	30.05.2013 30.05.2014	Not yet paid
AP Municipalities Act, 1965	Property Tax	1,52,854 1,81,234 2,52,451	2011-12 2012-13 2013-14	31.03.2012 31.03.2013 31.03.2014	Not yet paid
O S Govt.	Ground Rent	7,592 5,955	2009-10 2011-12	31.03.2010 31.03.2012	Not yet paid
East Coast Railways	Water way line Charges	1,80,932	2002-03 to 2009-10	31.03.2010	Not yet paid
Commissioner, Municipality, Samalkot	Welfare Cess	6,044	2014-15	--	Not yet Paid

- c. According to the records of the Company and the information and explanations given to us, the dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute are as follows.

Name of the Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
AP (Ag. Produce & Live Stock) Marketing Act, 1966	Agricultural Market Cess	28,15,396	1980-81 to 1989-90	The Secretary, Agricultural Marketing Committee, Visakhapatnam
AP Municipalities Act, 1965	Property Tax	1,49,952 2,00,798	1995-96 to 2000-01 1995-96 to 2000-01	Hon'ble High Court of AP
Various Sales Tax Acts	Central Sales Tax	2,20,130	2004-05	Asst. Commissioner of Sales Tax, Range-II, Cuttack
		64,87,532	2000-01	STAT, Hyderabad
	APGST	79,35,607	2003-04	Asst. Commissioner of Commercial Taxes, Warangal
Central Excise Act, 1944	Excise Duty	1,75,08,459	2004-05 to 2009-10	CESTAT, Bangalore
		7,37,00,285	2012-13	CESTAT, Bangalore
		55,29,064	1997-98	CESTAT, New Delhi
		13,690,286	2000-01 to 2001-02	Hon'ble High Court of AP
		11,55,618	2000-01 to 2005-06	Commissioner of Central Excise (Appeals), Visakhapatnam
	Service Tax	36,90,416	Oct 2007 – March 2013	Commissioner of Central Excise (Appeals), Visakhapatnam

Central Excise Act, 1944	Service Tax	44,15,367	2000- 01 to 2010 -11	Hon'ble High Court of A.P.
		1,40,42,859	1996-97 to 2010-11	Hon'ble High Court of A.P.
		20,54,018	2009-12	Appeal yet to be filed
		1,05,44,620	2009-14	Appeal yet to be filed
		6,75,349	April 2012 – September 2013	Deputy Commissioner of Central Excise, Kakinada
		9,13,025	April 2011 – August 2013	Assistant Commissioner of Central Excise, Kakinada
The A.P. Electricity Duty Act, 2003.	Electricity Duty	260,70,764	2003-04 to 2012-13	Hon'ble High Court of AP
		43,085,412	2008- 09 to 2014-15	Appeal yet to be filed
The AP Non-Agricultural Land Assessment Act, 1963	NALA TAX	12,25,116	1993-94 to 1998-99	Hon'ble High Court of AP

- d. According to the records of the Company and the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
8. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.
 9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
 10. In our opinion, the terms and conditions on which the Company has given guarantees for the loans taken by Others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
 11. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
 12. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for BRAHMAYYA & CO;
Chartered Accountants
Firm's Registration Number: 0005135


(P. CHANDRAMOULI)
Partner

Place : Hyderabad
Date : May 29,2015

Membership Number: 025211



VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

INDEPENDENT AUDITOR'S REPORT

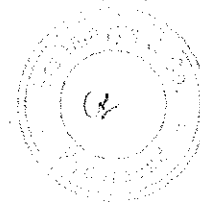
TO THE MEMBERS OF NAVA BHARAT VENTURES LIMITED, HYDERABAD.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of NAVA BHARAT VENTURES LIMITED, (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and Jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group including its associates and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its Associates and Jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the presentation of the Consolidated financial statements by the Directors of the holding company as aforesaid.



Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the holding company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

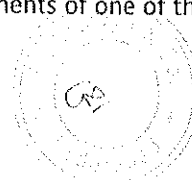
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group, its Associates and Jointly Controlled Entities as at 31st March, 2015, and their Consolidated Profit and their Consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note 3 in the Consolidated Financial Statements on Development of Special Economic Zone and the arbitration award relating to the dispute with the Co-Developer.
- (b) Note 4 in the Consolidated Financial Statements on attachment of the investments of one of the subsidiaries.

Our opinion is not modified in respect of these matters.



Other Matters

We did not audit the Consolidated Financial Statements of one of the subsidiaries viz., Nava Bharat (Singapore) Pte. Ltd. Singapore (the group), whose financial statements reflect total assets of USD 516,381,227 equivalent to Rs. 322,712.45 Lakhs, total revenue of USD 69,939,096 equivalent to Rs. 43,708.45 Lakhs and net cash flows amounting to USD 352,104 equivalent to Rs. 220.05 Lakhs. The Consolidated Financial Statements as per the Indian GAAP, of the said subsidiary for the year ended 31st March, 2015 were certified and furnished to us by the Management. Out of the 6 Foreign subsidiaries considered for Consolidation 5 Companies have been audited by other auditors whose reports have been furnished to us and for other Company which is not material to the Group, the Management has certified the financial information.

The auditors of Nava Bharat (Singapore) Pte. Ltd. Singapore (the Company) without qualifying their opinion on the financial Statements drew the attention to the following.

(a) *Financial support from holding company for working capital and loans:*

The Company is dependent on its holding company to give financial support for its ongoing investments. In addition, the subsidiaries were in their preliminary stages of operations. Therefore, the validity of the going concern assumption on which the financial statements are prepared depends on the successful generation of income from these new businesses and continuous availability of the financial support from the holding company. The holding company undertakes to give continuous financial support to meet its obligation as and when required.

(b) *Amount due from subsidiaries:*

As mentioned above, the subsidiaries are in their initial stages of operations. The amounts due from subsidiaries are dependent on the outcome of their business and the directors are of the view that the business of these subsidiaries will be successful. In the event that these outcomes are not favorable, allowances for impairment for these receivables need to be done during subsequent years.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the Auditor's report of the Holding Company and Subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the records of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.