

POTTI & RAO

Chartered Accountants

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Independent Auditor's Report

To the Members of

The Vision Varkala Infrastructure Development Corporation Limited (VIVID)

(A Government of Kerala Undertaking)

Varkala, Trivandrum.

Report on the Audit of the Financial Statements

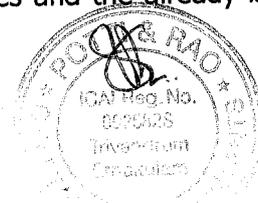
Qualified Opinion

We have audited the accompanying financial statements OF **VISION VARKALA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (VIVID) ("the Company")** which comprises the Balance Sheet as at **March 31, 2021**, the Statements of Profits and Loss, and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the Basis for Qualified Opinion** section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 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, 2021, and loss, and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. The company has not adhered to the provisions of the Companies Act 2013 relating to Share Application Money and allotment of shares as given below.
 - (a) The Share Application Money received from the Government of Kerala amounting to Rs 2.43 Crores during the year ended 31st March 2021 has not been credited and maintained in a separate bank account.
 - (b) The Share Application Money was utilized by the Company for meeting its expenses before allotment of shares.
 - (c) The cumulative Share Application Money received by the Company from Government of Kerala amounting to Rs 8.67 Crores and the already issued Share



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Capital amounting to Rs 6.75 Crores till 31st March 2021 exceeded its Authorized Share Capital of Rs 11 Crores by Rs 4.42 Crores.

2. The balance in the Capital Work-in-Progress amounts to Rs 10.49 Crores. The Company has informed that the construction of building was completed in February 2021 but the same was not put to use during the year. The same has not been transferred to appropriate Fixed Asset accounts under Property, Plant and Equipment. The Company has not provided depreciation on the same. The amount of depreciation and its effect on the Profit & Loss Account could not be quantified as the Company has not provided the Asset allocation, their useful life and residual value, etc.

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

Emphasis of matter

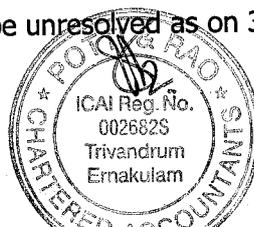
1. The Company received an amount of Rs 2.50 Crores as Share Application Money from the Government of Kerala during the year under audit. Out of the above amount held in Government Treasury Account, the Government resumed Rs 6.67 Lakhs without following the procedures prescribed by the Companies Act 2013. The Company is said to have followed the instructions of the Government of Kerala in this regard.
2. The Company has shown Japanese Yen of 90,222/- under Cash-in-Hand in para 7 in the Balance Sheet. But the same was not available for physical verification as the Company had converted the same to Indian Currency subsequent to the Balance Sheet Date.

Key Audit Matters

Key Audit Matters are those matters that, in our Professional judgment, were of most significance in our audit of the Financial Statements of the current period.

Other Matters

- (a) The company has constructed permanent/temporary structures in civil works on land owned by the Department of Tourism, Government of Kerala with neither freehold nor leasehold rights over the said land.
- (b) The financial statements for the year ended 31st March 2020 was audited by a predecessor auditor and he had given a qualified opinion in his report. The matter giving rise to the qualified opinion in the prior period continues to be unresolved as on 31st March 2021.



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Other information

The Company's Board of Directors is responsible for other information. Other information comprises the information included in the management Report and other information contained in the Annual Report, but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge, obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of other information, we are required to report the fact.

We have nothing to report in this regard.

Responsibility of Management and those charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance. And cash flow of the Company in accordance with accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsible also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making 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.

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



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Auditor's Responsibility for audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matter that may reasonably be thought to bear on our independence, and where applicable matters related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure I**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(5) of the Act, we give a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India in **Annexure II**.
3. 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 Company does not have branches audited by other auditors
 - (d) 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
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except as stated in the 'Basis of Qualified Opinion' para above.
 - (f) In our opinion, none of our observations or comments on financial transactions or matters have an adverse effect on the functioning of the company.
 - (g) Pursuant to Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Act relating to qualification of directors is not applicable to Government Companies
 - (h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis of Qualified Opinion" para above.



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- (i) 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 II**
- (j) 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:
- The company does not have any pending litigations which would impact its financial position.
 - The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the investor education and protection fund by the Company.



For POTTI & RAO
Chartered Accountants
ICAI Reg. No. 002682S

G. MARI
28/07/25
G. MARI
Partner
MN. 205452

UDIN: 25205452BMLLN 106639

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Annexure I to the independent Auditor's Report

Report under Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143

(Referred to in paragraph 1 under "Report on other Legal and Regulatory Requirements" section of our report to the members of **VISION VARKALA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (VIVID)** of even date)

(i) In respect the Company's Fixed Assets

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, such records are incomplete in nature.

(b) The Company has a program of verification to cover all items of fixed assets in a phased manner which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Company during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification, though there is inadequate evidence to substantiate these explanations.

The balance in the Capital Work-in-Progress amounting to Rs 10.49 Crores has not been transferred to appropriate Fixed Asset accounts.

(c) In our opinion and according to the information and explanation given to us, and records we examined, we report that the company does not hold any freehold immovable properties.

(ii) The company does not hold inventories.

(iii) The Company has not granted unsecured loans to any person covered in the Register maintained under section 189 of the Companies Act 2013 in respect of which interested by Directors

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of grant of loans, making investments, and providing guarantees and securities.

(v) The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable to the Company.

(vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, for the business activities carried on by the company.



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(vii) According to the information and explanations given to us and on the basis of our examination of the books of account and records,

- (a) Undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other statutory dues applicable to it have been deposited with the appropriate authorities by the Company in a regular manner. As at 31st March 2021, there are no undisputed dues outstanding for more than a period of six months from the date they became payable.
- (b) Disputed statutory dues aggregating Rs NIL that have not been deposited on account of matter pending before the appropriate forums are detailed below

Sl No	Name of Statute/nature of duties/Forum	Period	Demand	Paid	Balance
1	Income Tax Act 1961/Income Tax		NIL	NIL	NIL
2	Finance Act 1994/Service tax		NIL	NIL	NIL
3	Central Excise Act 1944/Excise Duty		NIL	NIL	NIL
4	Sales Tax Act/ Sales Tax		NIL	NIL	NIL
5	GST		NIL	NIL	NIL
6	Custom Duty		NIL	NIL	NIL
7	EPF Act		NIL	NIL	NIL
	Total		NIL	NIL	NIL

- (viii) In our opinion, the Company has not defaulted in the repayment of loans or borrowings to any financial institution, bank, and Government or debenture holders.
- (ix) The company has not raised moneys by way of initial public offer or further public offer or term loans
- (x) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the company, no cases of fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Pursuant to notification No GSR (E) dated 5th June 2015 issued by the ministry of corporate Affairs, Government of India, Section 197 relating to managerial remuneration is not application to Government Companies.
- (xii) The company is not a Nidhi Company.



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- (xiii) In our opinion, and according to the information and explanations given to us, and based on our examination of the relevant books, all transactions with related parties in compliance with section 177 and 188 of the Companies Act 2013 and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us by the management, the company has not entered into any non – cash transactions with directors or persons connected to its directors and hence compliance with section 192 of the Act is not commented upon.
- (xvi) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act 1934



For POTTI & RAO
Chartered Accountants
ICAI Reg. No. 002682S

C. Hari
28/07/25
C. HARI
Partner
MIN. 205452

UDIN: 25205452 BMLL NW6639

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Annexure II to the Independent Auditor's Report

Report on the Internal Financials Controls over Financial Reporting under Clause (i) of Sub-section Section 143 of the companies Act, 2013(the Act)

We have audited the internal financial controls over financial reporting of **VISION VARKALA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (VIVID)** ("the Company) as of 31March, 2021 in conjunction with our audit of 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 internal Company considering the essential components of internal control stated in in the **Guidance Note on Audit of Internal Financial Controls over Financial Reporting** issued by the Institute of Chartered Accountants of India. 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 issued by the Institute of Chartered Accountants of India and the standards on Auditing, prescribed under Section 143(10) of the Companies Act,2013,to the extent 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 control 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 financial statements, whether due to fraud or error.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion 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 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 authorization of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31st March 2021, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.



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Annexure III to the Independent Auditor's Report

Report on Directions of CAG u/s 143(5) wef 2020-23

A. General Directions

(Referred to in paragraph 2 under "Report on other Legal and Regulatory Requirements" section of our report to the members of **VISION VARKALA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (VIVID)** of even date)

1. Whether the company has systems in place to process all accounting transactions through the IT systems? If yes, the implications of processing of accounting transactions outside the IT system on the integrity of the accounts along with the financial implications if any, may be stated.

The company has systems in place to process all accounting transactions through the IT systems and does not process any accounting transaction outside the said system.

2. Whether there is any restricting of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a government, then this direction is also applicable for statutory of lender company).

The company does not have any loans or debts.

3. Whether funds received/receivable for specific schemes from central/state Government or its agencies were properly accounted for / utilized as per its items and conditions? List the cases of deviation.

Utilization of such funds are reported to the relevant agency through periodic utilization certificates. Any diversion of fund from one scheme to another is authorized by the competent authority. According to our knowledge and information, the company has utilized all such funds as per their terms and conditions.

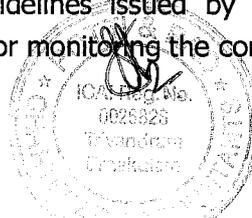
B. Sub directions under Section 143(5) of the Companies Act 2013

Tourism

1. Whether the grants received for development of tourism infrastructure were utilized for the intended purpose and have been properly accounted for, based on the utilization certificates submitted in compliance with applicable accounting standards

Yes

2. Whether outsourcing of services, leasing of tourism infrastructure, etc. was done in accordance with the policy/guidelines issued by government? Whether the company has an effective system for monitoring the contractual obligations?



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Yes

3. Whether the company is computing the cost of major operations/jobs including occupancy, products, process and services regularly? If not describe the failures

Yes

4. What are the criteria for giving discounts and whether any cost benefit analysis has been done to ensure recovery of cost? In the cases of under recovery, such areas may be identified and loss incurred due to such under recovery may be commented.



For POTTI & RAO
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