INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SOBHA CONTRACTING PRIVATE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **SOBHA CONTRACTING PRIVATE LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2018, 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 significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's responsibility for the 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 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 relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these Ind AS 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 there under.

We conducted our audit of the 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 Ind AS financial statements are free from material misstatement.

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Partners' Cell: CA (Dr.) V. Venugopal 09447041270; CA Shashi Warrier 09447195943; CA Devdas M. Nair 9995035233

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 Board of directors, as well as evaluating the overall presentation of the 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the 'State of affairs of the Company' as at March 31, 2018 and its 'losses', total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 enclose in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the said 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 purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The balance sheet and the statement of profit and loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with rules issued thereunder;

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(e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) On the basis of the information and explanation of the Company provided to us and in our opinion, the Company has adequate internal financial control systems in place and the controls are operating effectively.

(g) With respect to the other matters to be included in the Auditors' 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 does not have any pending litigations which would impact its financial position;

(ii) The Company does not have any long-term contracts, including derivative contracts. Accordingly, no provision for material foreseeable losses have been made; and

(iii) There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

Place: Thrissur.
Date: May 17, 2018

For V. VENUGOPALAN AND ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No : 010[illegible] S

V. VENUGOPALAN, B.Com, FCA(M.NO:70112)
PARTNER

SOBHA CONTRACTING PRIVATE LIMITED
ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT
[As per para 3 and 4 of Companies (Auditor's Report) Order, 2016]

1. In respect of fixed assets:
   a) The Company does not own any fixed assets and hence paragraph 3 (i) of the Order is not applicable to the Company.

2. In respect of its inventories:
   a) The Company is engaged in the business of procurement, sale and development of land into residential, commercial complex and plot development. Accordingly, inventories consist of land stock. As explained to us, the management, at reasonable intervals during the year, has physically verified inventories and as informed to us, no material discrepancies were noted on such verification.

3. According to the information and explanations given to us, the Company had granted unsecured loan/advance to a company covered in the register maintained under section 189 of the Companies Act, 2013. In respect thereof, in our opinion:
   a) The terms and conditions of the grant of such loan/advance is not prejudicial to the Company's interest;
   b) As informed to us, the loan/advance granted to the company covered in the register maintained under section 189 of the Act is repayable on demand and schedule of repayment of principal and interest has not been stipulated;
   c) As informed to us, since the loan/advance is repayable on demand, there is no overdue amount.

   During the year under report, the unsecured loan/advance granted to the Directors of the Company in earlier years has been fully recovered/realized.
   The Company has not granted any loan, secured or unsecured, to any firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. In our opinion and according to the information and explanations given to us, the Company has not made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.

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5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public and accordingly paragraph 3 (v) of the Order is not applicable to the Company. During the year under report, the Company has accepted unsecured inter-corporate loan from its Holding Company amounting to Rs 14.28 crore.

6. The Central Government of India has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the activities of the Company.

7. In respect of statutory dues:
   a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax (TDS) and GST dues wherever applicable, has been generally regularly deposited with the appropriate authorities though there were some minor delays in remittance of TDS dues but there are no arrears as at year end that was outstanding for a period of more than six months from the date they became payable. There are no other undisputed dues outstanding as at March 31st, 2018 for a period of more than six months from the date they became payable. As informed to us, the Company is not attracted by the provisions of Provident Fund Act, Employees State Insurance Act, duty of customs, duty of excise, service tax and other statutory dues.
   b) As informed to us, there are no disputed dues in respect of income tax, sales tax, service tax, duty of customs, duty of excise, or value added tax.

8. In our opinion and according to the information and explanations given to us, the Company has not availed any loans or borrowings from financial institutions, banks or debenture holders during the year.

9. In our opinion and according to the information and explanations given to us, no terms loans have been availed by the Company. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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11. The Company is a private limited company and hence the provisions of section 197 of the Companies Act, 2013 are not applicable. Thus, paragraph 3 (xi) of the Order is not applicable to the Company.

12. 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.

13. 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 section 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.

14. According to the information and explanations given 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. Accordingly, paragraph (xiv) of the Order is not applicable to the Company.

15. 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. Accordingly paragraph (xv) of the Order is not applicable to the Company.

16. According to the information and explanations given to us and based on the examination of the records of the Company, the Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act 1934.

Place: Thrissur.
Date: May 17, 2018

For V. VENUGOPALAN AND ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No : 010739 S

V. VENUGOPALAN, B.Com, FCA(M.NO:70112)
PARTNER

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Sobha Contracting Private Limited
Balance sheet as at March 31, 2018

	Note	As at 31-Mar-18 In ₹	As at 31-Mar-17 In ₹	As at 01-Apr-16 In ₹
Assets				
Non- current assets				
Other non-current assets	6	2,45,865	3,41,880	3,41,880
		2,45,865	**3,41,880**	**3,41,880**
Current assets				
Inventories	4	33,02,64,475	1,03,21,020	-
Financial assets				
Cash and cash equivalents	5	56,96,008	57,92,795	3,82,599
Other current assets	6	2,37,170	1,86,530	1,81,655
Current tax assets (net)		9,38,150	9,38,150	9,38,150
		33,71,35,803	**1,72,38,495**	**15,02,404**
Total assets		**33,73,81,668**	**1,75,80,375**	**18,44,284**
Equity and liabilities				
Equity				
Equity share capital	7	1,00,000	1,00,000	1,00,000
Other equity	8	(5,82,912)	(3,06,190)	(1,81,746)
Total equity		**(4,82,912)**	**(2,06,190)**	**(81,746)**
Current liabilities				
Financial liabilities				
Borrowings	12	14,28,00,000	-	-
Trade payables	9	18,43,91,954	34,332	23,000
Other current financial liabilities	10	62,34,801	-	-
Other current liabilities	11	44,37,825	1,77,52,233	19,03,030
		33,78,64,580	**1,77,86,565**	**19,26,030**
Total liabilities		**33,78,64,580**	**1,77,86,565**	**19,26,030**
Total equity and liabilities		**33,73,81,668**	**1,75,80,375**	**18,44,284**
Summary of significant accounting policies	2.2			

The accompanying notes are an integral part of the standalone financial statements.
Subject to our Report of even date

For V Venugopalan & Associates
ICAI Firm registration number 010739S
Chartered Accountants

V Venugopal
Partner
M.No.70112

Place: Thrissur, India
Date: 17th May, 2018

For and on behalf of the Board of Directors of
Sobha Contracting Private Limited

Lt.Gen Mathew Mammen (Retd.)
Director
DIN:01586768

M Radhakrishnan
Director
DIN:02226337

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Contracting Private Limited
Statement of profit and loss for the year ended March 31, 2018

	Note	31-Mar-18 In ₹	31-Mar-17 In ₹
Other income	12	-	1,344
Total income		-	**1,344**
Expenses			
Land purchase cost		31,00,22,300	1,03,21,020
(Increase)/ decrease in inventories of land stock and work-in-progress	13	(31,99,43,455)	(1,03,21,020)
Other expenses	14	32,66,317	1,09,403
Finance cost	15	69,31,560	16,385
Total expenses		**2,76,722**	**1,25,788**
Profit before tax		**(2,76,722)**	**(1,24,444)**
Tax expenses			
Current tax		-	-
Income tax expense		-	-
Profit for the year		**(2,76,722)**	**(1,24,444)**
Total comprehensive income for the year attributable to owners of the Company		**(2,76,722)**	**(1,24,444)**
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)] Basic and Diluted in Rs.	21	(27.67)	(12.44)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
Subject to our Report of even date

For V Venugopalan & Assoicates
ICAI Firm registration number 0107[illegible]
Chartered Accountants

V Venugopal
Partner
M.No.70112

Place: Thrissur, India
Date: 17th May, 2018

For and on behalf of the Board of Directors of
Sobha Contracting Private Limited

Lt.Gen.Mathew Mammen (Retd.)
Director
DIN:01586768

M Radhakrishnan
Director
DIN:02226337

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Contracting Private Limited
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

	No of Shares	Amount in In ₹
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At April 1, 2016	10,000	1,00,000
At March 31, 2017	10,000	1,00,000
At March 31, 2018	**10,000**	**1,00,000**

b. Other equity
For the year ended March 31, 2018

In ₹

Attributable to the equity holders of the Company		
	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2017	(3,06,190)	(3,06,190)
Profit for the year	(2,76,722)	(2,76,722)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	**(5,82,912)**	**(5,82,912)**
At March 31, 2018	**(5,82,912)**	**(5,82,912)**

Sobha Contracting Private Limited
Statement of Changes in Equity for the year ended March 31, 2018

For the year ended March 31, 2017

In ₹

Attributable to the equity holders of the Company		Total
	Reserves and Surplus	
	Retained earnings	
As at April 1, 2016	(1,81,746)	(1,81,746)
Profit for the year	(1,24,444)	(1,24,444)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	**(3,06,190)**	**(3,06,190)**
At March 31, 2017	**(3,06,190)**	**(3,06,190)**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the standalone financial statements.
Subject to our Report of even date

For V Venugopalan & Assoicates
ICAI Firm registration number 010739S
Chartered Accountants

V Venugopal
Partner
M.No.70112

Place: Thrissur, India
Date: 17th May, 2018

For and on behalf of the Board of Directors of
Sobha Contracting Private Limited

Lt.Gen.Mathew Mammen (Retd.)
Director
DIN:01586768

M Radhakrishnan
Director
DIN:02226337

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Contracting Private Limited
Statement of Cash Flows for the year ended March 31, 2018

	Note	31-Mar-18 In ₹	31-Mar-17 In ₹
Operating activities			
Profit before tax		(2,76,722)	(1,24,444)
Adjustments to reconcile profit before tax to net cash flows:			
Finance costs (including fair value change in financial instruments)		69,27,557	-
Working capital adjustments:			
(Increase)/ decrease in inventories		(31,99,43,455)	(1,03,21,020)
(Increase)/ decrease in other financial and non-financial assets		45,375	(4,875)
Increase/ (decrease) in trade payables and other financial liabilities		18,43,57,622	11,332
Increase/ (decrease) in other non-financial liabilities		(1,33,14,408)	1,58,49,203
		(14,22,04,031)	54,10,196
Income tax paid (net of refund)		-	-
Net cash flows from/ (used in) operating activities (A)		**(14,22,04,031)**	**54,10,196**
Investing activities			
Net cash flows from/ (used in) investing activities (B)		-	-
Financing activities			
Proceeds from short-term borrowings		14,28,00,000	-
Interest paid (gross)		(6,92,756)	-
Net cash flows from/ (used in) financing activities (C)		**14,21,07,244**	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(96,787)	54,10,196
Cash and cash equivalents at the beginning of the year	5	57,92,795	3,82,599
Cash and cash equivalents at the end of the year	5	**56,96,008**	**57,92,795**

Summary of significant accounting policies 2.2

Subject to our Report of even date

For V Venugopalan & Associates
ICAI Firm registration number 010739S
Chartered Accountants

V Venugopal
Partner
M.No.70112

Place: Thrissur, India
Date: 17th May, 2018

For and on behalf of the Board of Directors of
Sobha Contracting Private Limited

Lt.Gen.Mathew Mammen (Retd.)
Director
DIN:01586768

M Radhakrishnan
Director
DIN:02226337

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Contracting Private Limited
Notes to the financial statements for the year ended March 31, 2018

1 Corporate Information

Sobha Contracting Private Limited ('Company') was incorporated on May 24, 2007. The Company is primarily engaged in procurement, sale and development of lands into a residential, commercial complex and plotted development.

The Company is a private limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bengaluru and having a branch in Thrissur. Its is a fully owned subsidiary of Sobha Highrise Ventures Private Limited wef 27/09/2017, a registered private limited company in the real estate sector and having its registered office at Bengaluru and a branch in Thrissur.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These standalone financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS. Refer to note 26 for information on how the Company adopted Ind AS.

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

► Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Rupees.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

a. Recognition of revenue from property development

Revenue from real estate projects is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

(a) all critical approvals necessary for the commencement of the project have been obtained;
(b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
(c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and
(d) at least 10 % of the contracts/agreements value are realised at the reporting date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

b. Recognition of revenue from sale of land and development rights

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

ii. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

c) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Company generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e current) since they are payable over the term of the respective projects.
Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the Balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Fair value measurement

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
Debt instruments at amortised cost
Debt instruments at fair value through other comprehensive income (FVTOCI)
Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 to carry its investmetn in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

► The rights to receive cash flows from the asset have expired, or

► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

k) Taxes

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:
> In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act. MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

l) **Inventories**

Related to real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Land inventory: Valued at lower of cost and net realisable value.

3 **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) **Revenue recognition, contract costs and valuation of unbilled revenue**

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) **Estimation of net realisable value for inventory property**

Inventory property is stated at the lower of cost and net realisable value (NRV).
NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

4 Inventories (valued at lower of cost and net realizable value)

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Land stock	33,02,64,475	1,03,21,020	-
	33,02,64,475	1,03,21,020	-

5 Cash and bank balances

In ₹

	Current			Non-current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Cash and cash equivalents						
Balances with banks:						
– On current accounts	56,80,863	57,92,795	3,82,599	-	-	-
Cash on hand	15,145	-		-	-	-
	56,96,008	57,92,795	3,82,599	-	-	-

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Balances with banks:			
– On current accounts	56,80,863	57,92,795	3,82,599
Cash on hand	15,145	-	-
	56,96,008	57,92,795	3,82,599

Sobha Contracting Private Limited

Notes to the financial statements for the year ended March 31, 2018

6 Other assets

In ₹

	Current			Non-current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Advances recoverable in cash or kind						
Unsecured considered good	-	-	-	2,45,865	3,41,880	3,41,880
Others						
Balances with statutory/ government authorities	2,37,170	1,86,530	1,81,655	-	-	-
	2,37,170	**1,86,530**	**1,81,655**	**2,45,865**	**3,41,880**	**3,41,880**

Loans and advances due by directors or other officers, etc.

In ₹

	Current			Non-current		
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Advances recoverable in cash or kind						
Dues from a Director -(refer note 21)	-	-	-	-	1,00,000	1,00,000
Dues from Puzhakkal Developers Private Limited				9,944	9,944	9,944

Sobha Contracting Private Limited
Notes to the financial statements for the year ended March 31, 2018

7 Share Capital

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Authorised shares			
10,000 (March 31, 2017 - 10,000; April 1, 2016 - 10,000) equity shares of ₹10 each	1,00,000	1,00,000	1,00,000
Issued, subscribed and fully paid-up shares			
10,000 (March 31, 2017 - 10,000; April 1, 2016 - 10,000) equity shares of ₹10 each fully paid up	1,00,000	1,00,000	1,00,000
Total issued, subscribed and fully paid-up share capital	1,00,000	1,00,000	1,00,000

(a) Reconciliation of the shares outstanding at the beginning and end of the reporting year

	31-Mar-18 No of Shares	In ₹	31-Mar-17 No of Shares	In ₹	01-Apr-16 No of Shares	In ₹
Equity shares						
At the beginning of the year	10,000	1,00,000	10,000	1,00,000	10,000	1,00,000
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	10,000	1,00,000	10,000	1,00,000	10,000	1,00,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.
Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year.
In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	31-Mar-18 No of Shares	Holding percentage	31-Mar-17 No of Shares	Holding percentage	01-Apr-16 No of Shares	Holding percentage
Equity shares of ₹10 each fully paid up						
Sobha Highrise Ventures Private Limited	10,000	100%	-	-	-	-
i) Lt.Gen. Mathew Mammen (Retd.)	-	-	5,000	50%	5,000	50%
ii) M.Radhakrishnan	-	-	5,000	50%	5,000	50%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

8 Other equity

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Surplus in the statement of profit and loss			
Balance at the beginning of the year	(3,06,190)	(1,81,746)	(1,61,116)
Profit for the year	(2,76,722)	(1,24,444)	(20,630)
Net surplus in the statement of profit and loss	**(5,82,912)**	**(3,06,190)**	**(1,81,746)**
Total other equity	**(5,82,912)**	**(3,06,190)**	**(1,81,746)**

9 Trade payables

	31-Mar-18 ₹ million	31-Mar-17 ₹ million	01-Apr-16 In ₹
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises (refer note 20 for details of dues to micro and small enterprises)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	28,481	34,332	23,000
Payable for purchase of land	18,43,63,473	-	-
	18,43,91,954	**34,332**	**23,000**

Terms and conditions of the above financial liabilities:
-Trade payables are non-interest bearing and are normally settled on 30-60-day terms
For explanations on the Company's credit risk management processes, refer to note 24

10 Other financial liabilities

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Current			
Interest accrued but not due on borrowings	62,34,801	-	-
Total current other financial liabilities	**62,34,801**	-	-
Total other financial liabilities	**62,34,801**	-	-

11 Other liabilities

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Advance from customers	39,20,000	-	-
Withholding taxes payable	2,34,478	3,200	1,344
Payable to related parties (refer note 21)	2,83,347	1,77,49,033	19,01,686
Total other liabilities	**44,37,825**	**1,77,52,233**	**19,03,030**

12 Borrowings

	31-Mar-18 In ₹	31-Mar-17 In ₹	01-Apr-16 In ₹
Unsecured loan			
Loan from Holding company	14,28,00,000	-	-
Total current Borrowings	**14,28,00,000**	-	-

Current Borrowings

(i) **Unsecured loan**

Particulars	Amount outstanding (In ₹) 31-Mar-18	31-Mar-17	01-Apr-16	Effective Interest rate	Security details	Repayment terms
Loan from Holding company	14,28,00,000	-	-	10%	Nil	Repayable on demand

13 Other income

	31-Mar-18 In ₹	31-Mar-17 In ₹
Other non-operating income	-	1,344
	-	1,344

14 (Increase)/ decrease in inventories

	In ₹ 31-Mar-18	In ₹ 31-Mar-17	Less: Transferred to Capital work-in-progress/ tangible assets/ advances	In ₹ (Increase) / decrease
Inventories at the end of the year				31-Mar-18
Land stock	33,02,64,475	1,03,21,020		(31,99,43,455)
	33,02,64,475	1,03,21,020	-	(31,99,43,455)
Inventories at the beginning of the year				31-Mar-17
Land stock	1,03,21,020	-		(1,03,21,020)
	1,03,21,020	-	-	(1,03,21,020)
(Increase)/ decrease	(31,99,43,455)	(1,03,21,020)		

15 Other expenses

	31-Mar-18 In ₹	31-Mar-17 In ₹
Rates and taxes	4,16,354	-
Brokerage and commission	25,00,000	-
Travelling and conveyance	13,808	28,566
Printing and stationery	11,960	-
Legal and professional fees	-	9,000
Payment to auditor (Refer details below)	45,500	32,000
Miscellaneous expenses	2,78,695	39,837
	32,66,317	**1,09,403**

Payment to auditor

	31-Mar-18 In ₹	31-Mar-17 In ₹
As auditor:		
Audit fee	25,000	25,000
In other capacity:		
Other services	20,500	7,000
	45,500	**32,000**

16 Finance costs

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Interest		
- On borrowings	69,27,557	-
- Others	974	-
Bank charges	3,029	16,385
	69,31,560	16,385
Total finance costs	69,31,560	16,385

Sobha Contracting Private Limited
Notes to the financial statements for the year ended March 31, 2018

17 There is no contingent liability during the year.

18 The company does not have any employees and hence no provision is considered in respect of employee benefits.

19 There is no expenditure or earnings in Foreign exchange during the period.

20 Based on the information available with the Company, no amount is due to the small & Micro Enterprises as under Micro, Small and Medium Enterprises Development Act, 2006

21 **RELATED PARTY DISCLOSURES;**

The names of the related parties with the description of relationships and transactions between the reporting enterprise and its related parties have been identified and certified by the management.

a. List of Related Parties

Holding Company :

Sobha Highrise Ventures Private Limited (wef 27/09/2017)

Sl. No	Name of the Other Related Parties		
1	Allapuzha Fine Real Estates Private Limited	69	Rusoh Modern Developers Private Limited
2	Aluva Realtors Private Limited	70	Rusoh Modern Properties Private Limited
3	Annalakshmi Land Developers Private Limited	71	Santhavellur Builders Private Limited
4	Bikasa Properties Private Limited	72	Santhavellur Developers Private Limited
5	Bikasa Realestates Private Limited	73	Santhavellur Realtors Private Limited
6	Bikasa Realtors Private Limited	74	Sengadu Builders Private Limited
7	Chennai Supercity Developers Private Limited	75	Sengadu Developers Private Limited
8	Chikmangaloor Builders Private Limited	76	Sengadu Properties Private Limited
9	Chikmangaloor Developers Private Limited	77	Sengadu Realestates Private Limited
10	Chikmangaloor Properties Private Limited	78	Sengadu Realtors Private Limited
11	Chikmangaloor Realtors Private Limited	79	Sri Durga Devi Property Management Private Ltd
12	Cochin Cyber City Private Limited	80	Sri Kanakadurga Property Developers Private Ltd
13	Cochin Cyber Estates Private Limited	81	Sri Parvathy Land Developers Private Limited
14	Cochin Cyber Golden Properties Private Limited	82	Sunbeam Projects Private Limited
15	Cochin Cyber Value Added Properties Private Limited	83	Thakazhi Developers Private Limited
16	Cochin Realtors Private Limited	84	Thakazhi Realtors Private Limited
17	Daram Cyber Builders Private Limited	85	Thiruchour Builders Private Limited
18	Daram Cyber Developers Private Limited	86	Thiruchour Developers Private Limited
19	Daram Cyber Properties Private Limited	87	Tirur Cyber Real Estates Private Limited
20	Daram Lands Real Estate Private Limited	88	Valasai Vettikadu Builders Private Limited
21	Greater Cochin Cybercity Private Limited	89	Valasai Vettikadu Properties Private Limited
22	Greater Cochin Developers Private Limited	90	Valasai Vettikadu Real Estate Private Limited
23	Greater Cochin Properties Private Limited	91	Valasai Vettikadu Realtors Private Limited
24	Greater Cochin Realtors Private Limited	92	Vayaloor Builders Private Limited
25	Ilupur Builders Private Limited	93	Vayaloor Properties Private Limited
26	Ilupur Developers Private Limited	94	Vayaloor Real Estate Private Limited
27	Ilupur Properties Private Limited	95	Vayaloor Developers Private Limited
28	Ilupur Real Estate Private Limited	96	Sobha city
29	Ilupur Realtors Private Limited	97	SBG Housing Private Limited
30	Kaloor Realtors Private Limited	98	Pudhakkal Developers Private Limited
31	Kaveripuram Developers Private Limited	99	HBR Consultants Private Limited
32	Kilai Builders Private Limited	100	Hill And Menon Securities Private Limited
33	Kilai Properties Private Limited	101	Indeset Electromechanical Private Limited
34	Kilai Super Developers Private Limited	102	Indeset Steel Private Limited
35	Kottaiyur Developers Private Limited	103	Lotus Manpower Consultants Services Pvt Limited
36	Kottaiyur Real Estates Private Limited	104	Lotus Manpower Services
37	Kottaiyur Realtors Private Limited	105	Objective Systems Integrators India Private Limited
38	Kuthavakkam Builders Private Limited	106	Oman Builders Private Limited
39	Kuthavakkam Developers Private Limited	107	PNC Lighting Solutions Private Limited
40	Kuthavakkam Properties Private Limited	108	PNC Technologies Private Limited
41	Kuthavakkam Realtors Private Limited	109	Punkunnam Builders And Developers Private Limited
42	Mamballi Builders Private Limited	110	Red Lotus Facility Services Private Limited
43	Mannur Builders Private Limited	111	Red Lotus Metal Works Facilities And Services Pvt Ltd
44	Mannur Properties Private Limited	112	Royal Interiors Private Limited
45	Mannur Real Estates Private Limited	113	Sobha Academy Private Limited
46	Mapedu Builders Private Limited	114	Sobha Assets Private Limited

47	Mapedu Real Estates Private Limited
48	Mapedu Realtors Private Limited
49	Marina Realtors Private Limited
50	Sobha Tambaram Developers Limited
51	Moolamcode Traders Private Limited
52	Nasarapet Developers Private Limited
53	Nasarapet Properties Private Limited
54	Nasarapet Realtors Private Limited
55	Navabhusan Properties and Developers Private Limited
56	Padma Lochana Enterprises Private Limited
57	Palani Properties Private Limited
58	Pallavur Projects Private Limited
59	Paramakudi Properties Private Limited
60	Perambakkam Builders Private Limited
61	Perambakkam Properties Private Limited
62	Pillaipakkam Properties Private Limited
63	Pillaipakkam Builders Private Limited
64	Red Lotus Realtors Private Limited
65	Rusoh Fine Builders Private Limited
66	Rusoh Home Developers Private Limited
67	Rusoh Marina Properties Private Limited
68	Rusoh Modern Builders Private Limited
115	Sobha Aviation And Engineering Services Pvt Ltd
116	Sobha Nandambakkam Developers Limited
117	Sobha Contracting Private Limited
118	Sobha Developers (Pune) Limited
119	Sobha Electro Mechanical Private Limited
120	Sobha Glazing And Metal Works Private Limited
121	Sobha Hitechcity Developers Private Limited
122	Sobha Innercity Technopolis Private Limited
123	Sobha Interiors Private Limited
124	Sobha Jewellery Private Limited
125	Sobha Mapletree Developers Private Limited
126	Sobha Projects And Trade Private Limited
127	Sobha Puravankara Aviation Private Limited
128	Sobha Renaissance Information Technology Pvt Ltd
129	Sobha Space Private Limited
130	Sobha Technocity Private Limited
131	Sri Kurumba Trust
132	PNC Switchgears Private Limited
133	Technobuild Developers Private Limited
134	Sobha Limited
135	Kondhwa Projects LLP
136	C V S Tech Park Private Limited

c. Closing Balance at the year end:

Name of the Related Party	Nature of Relationship	Nature of transactions	Current year In ₹	Previous year In ₹
Sobha Limited	Other Related party	Balance payable	2,83,347	1,77,49,033
Sobha Highrise Ventures Limited	Holding Company	Balance payable	14,90,34,801	-
		Interest expense	69,27,557	-
		Unsecured Loan taken	14,28,00,000	-
Puzhakkal Developers Private Limited	Other Related party	Balance receivable	9,944	9,944
Lt. General Mathew Mammen (Retd.)	Key Managerial Personnel	Unsecured Loan given	-	50,000
Mr M Radhakrishnan			-	50,000
Lt. General Mathew Mammen (Retd.)	Key Managerial Personnel	Unsecured Loan refunded	50,000	-
Mr M Radhakrishnan			50,000	-

Key Managerial Personnel

Lt. General Mathew Mammen (Retd.)

Mr M Radhakrishnan

22 **EARNINGS PER SHARE:**

Particulars	Current year	Previous year
Nominal value of equity shares	10	10
Profit after tax attributable to shareholders (Amount in ₹)	(2,76,722)	(1,24,444)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Basic EPS (In Rs)	(27.67)	(12.44)

23 **Fair value measurements**

The carrying value of financial instruments by categories is as follows:

In ₹

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost
Financial assets									
Cash and cash equivalents	-	-	56,96,008	-	-	57,92,795	-	-	3,82,599
Total	-	-	56,96,008	-	-	57,92,795	-	-	3,82,599
Financial liabilities									
Trade payables	-	-	18,43,91,954	-	-	34,332	-	-	23,000
Other financial liabilities	-	-	62,34,801	-	-	-	-	-	-
Total	-	-	19,06,26,755	-	-	34,332	-	-	23,000

24 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations to support its operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have any exposure to the risk of changes in market interest rates as it does not have any long-term debt obligations with floating interest rates. The Company does not enter into any interest rate swaps.

B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and investing activities (short term bank deposits).

Trade receivables
Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

Financial instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2018 and 2017 is the carrying amounts.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

C Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

In ₹

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2018						
Other financial liabilities	62,34,801	-	-	-	-	62,34,801
Trade and other payables	28,481	2,30,00,000	6,90,00,000	9,23,63,473	-	18,43,91,954
	62,63,282	**2,30,00,000**	**6,90,00,000**	**9,23,63,473**	**-**	**19,06,26,755**
Year ended March 31, 2017						
Trade and other payables	-	34,332	-	-	-	34,332
	-	**34,332**	**-**	**-**	**-**	**34,332**
As at 1st April, 2016						
Trade and other payables	-	23,000	-	-	-	23,000
	-	**23,000**	**-**	**-**	**-**	**23,000**

25 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

in ₹

	31-Mar-18	31-Mar-17	01-Apr-16
Borrowings (Note 12)	14,28,00,000	-	-
Trade payables (Note 9)	18,43,91,954	34,332	23,000
Other payables (Note 10 and Note 11)	1,06,72,626	1,77,52,233	19,03,030
Less: Cash and cash equivalents (Note 5)	(56,96,008)	(57,92,795)	(3,82,599)
Net debt	33,21,68,572	1,19,93,770	15,43,431
Equity (Note 7)	1,00,000	1,00,000	1,00,000
Other Equity(Note 8)	(5,82,912)	(3,06,190)	(1,81,746)
Total capital	(4,82,912)	(2,06,190)	(81,746)
Capital and net debt	**33,16,85,660**	**1,17,87,580**	**14,61,685**
Gearing ratio	100%	102%	106%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

26 **First-time adoption of Ind AS**

These financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

Reconciliation of total equity between previous GAAP and Ind AS

There are no reconciling items between the equity for the previous year under the previous GAAP with the equity as reported under IND AS as at March 31,2017 and April 1, 2016.

Reconciliation of Total Comprehensive income for the year ended March 31, 2017

There are no reconciling items between the net profit under previous GAAP and the total comprehensive income as reported in these financial results under Ind AS.

27 **Standards issued but not effective**

The standards issued, but not effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.
The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers
On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers.
Ind AS 115 introduces a five-step model to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
Under Ind AS 115, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer (i.e., when (or as) the customer obtains control of that asset) at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2018.
The Company will adopt Ind AS 115 effective from April 1, 2018. Since the Company does not have any ongoing realestate project as on March 31, 2018, the Company does not expect any impact on its financial statements.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not applicable to the Company.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has not having any material deductible temporary differences or assets that are in the scope of the amendments.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not applicable to the Company.

Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

• An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

• If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, these amendments are not applicable to the Company.

Subject to our Report of even date

For V Venugopalan & Associates
ICAI Firm registration number 010739S
Chartered Accountants

V Venugopal
Partner
M.No.70112

Place: Thrissur, India
Date: 17th May, 2018

For and on behalf of the Board of Directors of
Sobha Contracting Private Limited

Lt.Gen.Mathew Mammen (Retd.)
Director
DIN:01586768

M Radhakrishnan
Director
DIN:02226337

Place: Bengaluru, India
Date: 17th May, 2018

V. VENUGOPALAN & ASSOCIATES
THRISSUR
680 004
CHARTERED ACCOUNTANTS