KANISH JAIN & Co.,
Chartered Accountant
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INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Assets Private Limited

Report on the Standalone Ind AS Financial Statements

I have audited the accompanying Standalone Ind AS Financial Statements of Sobha Assets Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of 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.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Auditor's Responsibility

I conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

Kanish Jain & Co. Bangalore Chartered Accountants

I am also responsible to conclude on 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone Ind AS financial statements.

Opinion

In my opinion and to the best of my in formation and according to the explanations given to me, the Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other 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 Act, I give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, I report that:

(a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;

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

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of 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 my opinion, the aforesaidStandalone Ind AS Financial Statementscomply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and 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) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to my separate Report in "Annexure 2" to this report;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 13 to the Standalone Ind AS Financial Statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For Kanish Jain and Co
Chartered Accountant
ICAI Firm Registration Number: 13839S

Kanish

per Kanish Jain
Proprietor
Membership Number: 229048

Place of Signature: Bengaluru, India
Date:16.05.2018

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of my report of even date

Re: Sobha Assets Private Limited ('the Company')

(i) (a) The Company has no fixed assets. Therefore the provisions of clause 3 (i) (a), (b) and (c) of the Order are not applicable to the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) According to the information and explanations given to me, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) In my opinion and according to the information and explanations given to me, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In my opinion and according to the information and explanations given to me, provisions of Section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of theAct and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.

(b) According to the information and explanations given to me, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to me, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

Kanish Jain & Co. Bangalore Chartered Accountants

(viii) In my opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company-.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, Ireport that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company has not paid any managerial remuneration during the year and hence reporting under clause 3(xi) of the Order are not applicable.

(xii) In my opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company

(xiv) According to the information and explanations given to me and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

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

For Kanish Jain and Co
Chartered Accountant
ICAI Firm Registration Number: 13839S

Kanish

per Kanish Jain
Proprietor
Membership Number: 229048
Place of Signature: Bengaluru, India
Date:16.05.2018

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Sobha Assets Private Limited

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

To the Members of Sobha Assets Private Limited

I have audited the internal financial controls over financial reporting of SobhaAssets Private Limited ("the Company") as of March 31, 2018in conjunction with my audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the 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.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I 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.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the internal financial controls system over financial reporting.

Kaniah Jain & Co. Bangalore Chartered Accountants

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In my 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kanish Jain and Co
Chartered Accountant
ICAI Firm Registration Number: 13839S

Kanish

Kanish Jain & Co. Bangalore Chartered Accountants

per Kanish Jain
Proprietor
Membership Number: 229048

Place of Signature: Bengaluru, India
Date: 16.05.2018

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

	Note	As at 31-Mar-18 ₹ million	As at 31-Mar-17 ₹ million
Assets			
Non- current assets			
Other non-current assets	4	-	0.008
		-	**0.008**
Current assets			
Inventories	5	53.732	51.459
Financial assets			
Cash and cash equivalents	6	0.390	0.083
Other current assets	4	27.344	26.955
		81.466	**78.497**
Total assets		**81.466**	**78.505**
Equity and liabilities			
Equity			
Equity share capital	7	0.100	0.100
Other equity	8	(0.099)	(0.061)
Total equity		**0.001**	**0.039**
Current liabilities			
Financial liabilities			
Trade payables	9	0.020	-
Other current liabilities	10	81.445	78.466
		81.465	**78.466**
Total liabilities		**81.465**	**78.466**
Total equity and liabilities		**81.466**	**78.505**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per my report of even date

For Kanish Jain & Co
ICAI Firm registration number: 013839S
Chartered Accountants

Kanish

Kanish.K.Jain
Proprietor
Membership No.: 229048

Kanish Jain & Co. Bangalore Chartered Accountants

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

Ravi P N C Menon
Director
DIN: 02070036

J C Sharma
Director
DIN: 01191608

Place: Bengaluru, India
Date: 16th May, 2018

Place: Bengaluru, India
Date: 16th May, 2018

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

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Total income		-	-
Expenses			
(Increase)/ decrease in inventories of land stock and work-in-progress	11	(2.273)	(2.285)
Other expenses	12	2.310	0.011
Finance cost	13	0.001	2.285
Total expenses		**0.038**	**0.011**
Profit before tax		**(0.038)**	**(0.011)**
Tax expenses			
Current tax		-	-
Income tax expense		-	-
Profit for the year		**(0.038)**	**(0.011)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to owners of the Company		**(0.038)**	**(0.011)**
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)] Basic and Diluted	17	(0.000)	(0.000)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per my report of even date

For Kanish Jain & Co
ICAI Firm registration number: 013839S
Chartered Accountants

Kanish

Kanish.K.Jain
Proprietor
Membership No.: 229048

Kanish Jain & Co. Bangalore Chartered Accountants

Place: Bengaluru, India
Date: 16th May, 2018

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

Ravi P N C Menon
Director
DIN: 02070036

J C Sharma
Director
DIN: 01191608

Place: Bengaluru, India
Date: 16th May, 2018

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

a. Equity share capital

	No of Shares	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2017	10,000	0.100
At March 31, 2018	**10,000**	**0.100**

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

₹ million

Attributable to the equity holders of the Company	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2017	(0.061)	(0.061)
Profit for the year	(0.038)	(0.038)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	**(0.099)**	**(0.099)**
At March 31, 2018	**(0.099)**	**(0.099)**

For the year ended March 31, 2017

₹ million

Attributable to the equity holders of the Company	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2016	(0.050)	(0.050)
Profit for the year	(0.011)	(0.011)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	**(0.061)**	**(0.061)**
At March 31, 2017	**(0.061)**	**(0.061)**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the standalone financial statements.
As per my report of even date

For Kanish Jain & Co
ICAI Firm registration number: 013839S
Chartered Accountants

Kanish

Kanish.K.Jain
Proprietor
Membership No.: 229048

Place: Bengaluru, India
Date: 16th May, 2018

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

Ravi P N C Menon
Director
DIN: 02070036

J C Sharma
Director
DIN: 01191608

Place: Bengaluru, India
Date: 16th May, 2018

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

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Operating activities			
Profit before tax		**(0.038)**	**(0.011)**
Working capital adjustments:			
(Increase)/ decrease in inventories		(2.273)	(2.285)
(Increase)/ decrease in other financial and non-financial assets		(0.381)	(0.330)
Increase/ (decrease) in other non-financial liabilities		2.979	2.621
		0.307	(0.005)
Income tax paid (net of refund)		-	-
Net cash flows from/ (used in) operating activities (A)		**0.307**	**(0.005)**
Investing activities			
Net cash flows from/ (used in) investing activities (B)		-	-
Financing activities			
Net cash flows from/ (used in) financing activities (C)		-	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		0.307	(0.005)
Cash and cash equivalents at the beginning of the year	6	0.083	0.088
Cash and cash equivalents at the end of the year	**6**	**0.390**	**0.083**

Summary of significant accounting policies 2.2

As per my report of even date

For Kanish Jain & Co
ICAI Firm registration number: 013839S
Chartered Accountants

Kanish.K.Jain
Proprietor
Membership No.: 229048

Kanish Jain & Co. Bangalore Chartered Accountants

Place: Bengaluru, India
Date: 16th May, 2018

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

Ravi P N C Menon
Director
DIN: 02070036

J C Sharma
Director
DIN: 01191608

Place: Bengaluru, India
Date: 16th May, 2018

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

1 Corporate Information

Sobha Assets Private Limited ('Company') was incorporated on 13-03-2012. 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. Its a fully owned subsidiary of Sobha Limited, a listed company in the real estate sector and having its registered office at Bengaluru.

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.

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 INR, and all values are rounded to nearest millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) 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.

b) 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.

Kanish Jain & Co.
Bangalore
Chartered Accountants

c) 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 as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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.

d) 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.

e) 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.

Kanish Jain & Co., Bangalore, Chartered Accountants

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.

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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.

f) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and 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.

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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) **Foreign currency translation**

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Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

m) Inventories

Related to contractual and 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.

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

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. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

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

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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 judgements, 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.

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4 Other assets

₹ million

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Advances recoverable in cash or kind				
Unsecured considered good	26.000	26.000	-	-
Others				
Balances with statutory/ government authorities	1.344	0.955		
Preliminary Expenses	-	-	-	0.008
	27.344	**26.955**	-	**0.008**

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

₹ million

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Work-in-progress	53.732	51.459
	53.732	51.459

6 Cash and bank balances

₹ million

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Cash and cash equivalents				
Balances with banks:				
– On current accounts	0.385	0.073	-	-
Cash on hand	0.005	0.010		
	0.390	**0.083**	-	-

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

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Balances with banks:		
– On current accounts	0.385	0.073
Cash on hand	0.005	0.010
	0.390	**0.083**

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7 Share Capital

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Authorised shares		
10,000 (March 31, 2017 - 10,000) equity shares of ₹10 each	0.100	0.100
Issued, subscribed and fully paid-up shares		
10,000 (March 31, 2017 - 10,000) equity shares of ₹10 each fully paid up	0.100	0.100
Total issued, subscribed and fully paid-up share capital	0.100	0.100

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

	31-Mar-18		31-Mar-17	
	No of Shares	₹ million	No of Shares	₹ million
Equity shares				
At the beginning of the year	10,000	0.100	10,000	0.100
Issued during the year	-	-	-	-
Outstanding at the end of the year	10,000	0.100	10,000	0.100

(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		31-Mar-17	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹10 each fully paid up				
Sobha Limited	10,000	100%	10,000	100%

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 ₹ million	31-Mar-17 ₹ million
Surplus in the statement of profit and loss		
Balance at the beginning of the year	(0.061)	(0.050)
Profit for the year	(0.038)	(0.011)
Net surplus in the statement of profit and loss	**(0.099)**	**(0.061)**
Total other equity	**(0.099)**	**(0.061)**

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9 Trade payables

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 17 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.020	-
	0.020	**-**

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 21

10 **Other liabilities**

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Advances received	81.445	78.446
Others	-	0.020
Total Other Liabilities	81.445	78.466

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11 (Increase)/ decrease in inventories

	₹ million	₹ million		₹ million
	31-Mar-18	31-Mar-17	Less: Transferred to Capital work-in-progress/ tangible assets/ advances	(Increase) / decrease
Inventories at the end of the year				31-Mar-18
Work-in-progress	53.732	51.459		(2.273)
	53.732	51.459	-	(2.273)
Inventories at the beginning of the year				31-Mar-17
Work-in-progress	51.459	49.174		(2.285)
	51.459	49.174	-	(2.285)
(Increase)/ decrease	(2.273)	(2.285)		

12 **Other expenses**

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Rates and taxes	0.024	0.006
Legal and professional fees	2.273	-
Payment to auditor (Refer details below)	0.005	0.005
Preliminary expenses written off	0.008	-
	2.310	**0.011**

Payment to auditor

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
As auditor:		
Audit fee	0.005	0.005
	0.005	**0.005**

13 **Finance costs**

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Bank charges	0.001	2.285
Total finance costs	**0.001**	**2.285**

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

14 There is no contingent liability during the year.

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

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

17 There are no dues to any party covered under Micro, Small and medium Enterprises Development Act, 2006, and hence information required under the said Act has not been furnished.

18 **Earnings per Share:**

Particulars	Current Year	Previous year
Nominal value of equity shares	10	10
Profit after tax attributable to shareholders (₹ million)	(0.038)	(0.011)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Basic EPS (₹ million)	(0.000)	(0.000)

19 The related parties and transactions with them during the year as identified by the management are given under:

a) List of related parties

Key Management Personnel

Mr. Ravi P N C Menon

Mr. J C Sharma

Mr. Ravi Nagaraj Doddabale - Appointed on 21.03.2018

Holding company

Sobha Limited

(formerly Known as Sobha Developers Limited)

Other Related Parties

Allapuzha Fine Real Estate Private Limited
Aluva Realtors Private Limited
Annalakshmi Land Developers Private Limited
Bikasa Properties Private Limited
Bikasa Realestates Private Limited
Bikasa Realtors Private Limited
Chennai Supercity Developers Private Limited
Chikmangaloor Builders Private Limited
Chikmangaloor Developers Private Limited
Chikmangaloor Properties Private Limited
Chikmangaloor Realtors Private Limited
Cochin Cyber City Private Limited
Cochin Cyber Estates Private Limited
Cochin Cyber Golden Properties Private Limited
Cochin Cyber Value Added Properties Private Limited
Cochin Realtors Private Limited
Daram Cyber Builders Private Limited
Daram Cyber Developers Private Limited
Daram Cyber Properties Private Limited
Daram Lands Real Estate Private Limited
Greater Cochin Cybercity Private Limited
Greater Cochin Developers Private Limited
Greater Cochin Properties Private Limited
Greater Cochin Realtors Private Limited
HBR Consultants Private Limited
Hill And Menon Securities Private Limited
Ilupur Builders Private Limited
Ilupur Developers Private Limited
Ilupur Properties Private Limited
Ilupur Real Estate Private Limited
Ilupur Realtors Private Limited
Indeset Steel Private Limited
Pillaipakkam Properties Private Limited
Pillaipakkam Builders Private Limited
PNC Lighting Solutions Private Limited
PNC Technologies Private Limited
Punkunnam Builders And Developers Private Limited
Puzhakkal Developers Private Limited
Red Lotus Facility Services Private Limited
Red Lotus Metal Works Facilities And Services Private Limited
Red Lotus Realtors Private Limited
Royal Interiors Private Limited
Rusoh Fine Builders Private Limited
Rusoh Home Developers Private Limited
Rusoh Marina Properties Private Limited
Rusoh Modern Builders Private Limited
Rusoh Modern Developers Private Limited
Rusoh Modern Properties Private Limited
S.B.G Housing Private Limited
Santhavellur Builders Private Limited
Santhavellur Developers Private Limited
Santhavellur Realtors Private Limited
Sengadu Builders Private Limited
Sengadu Developers Private Limited
Sengadu Properties Private Limited
Sengadu Realestates Private Limited
Sengadu Realtors Private Limited
Sobha Academy Private Limited
Indeset Electromechanical Private Limited
Sobha Aviation And Engineering Services Private Limited
Sobha Contracting Private Limited
Sobha Developers (Pune) Limited
Sobha Electro Mechanical Private Limited
Sobha Glazing And Metal Works Private Limited

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Kaloor Realtors Private Limited
Kaveripuram Developers Private Limited
Kilai Builders Private Limited
Kilai Properties Private Limited
Kilai Super Developers Private Limited
Kottaiyur Developers Private Limited
Kottaiyur Real Estates Private Limited
Kottaiyur Realtors Private Limited
Kuthavakkam Builders Private Limited
Kuthavakkam Developers Private Limited
Kuthavakkam Properties Private Limited
Kuthavakkam Realtors Private Limited
Lotus Manpower Consultants Services Private Limited
Mamballi Builders Private Limited
Mannur Builders Private Limited
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Mapedu Builders Private Limited
Mapedu Real Estates Private Limited
Mapedu Realtors Private Limited
Marina Realtors Private Limited
Moolamcode Traders Private Limited
Nasarapet Developers Private Limited
Nasarapet Properties Private Limited
Nasarapet Realtors Private Limited
Navabhusan Properties And Developers Private Limited
Objective Systems Integrators India Private Limited
Oman Builders Private Limited
Padma Lochana Enterprises Private Limited
Palani Properties Private Limited
Pallavur Projects Private Limited
Paramakudi Properties Private Limited
Perambakkam Builders Private Limited
Perambakkam Properties Private Limited
Lotus Manpower Services
Kondhwa Projects LLP

Sobha Highrise Ventures Private Limited
Sobha Hitechcity Developers Private Limited
Sobha Innercity Technopolis Private Limited
Sobha Interiors Private Limited
Sobha Jewellery Private Limited
Sobha Mapletree Developers Private Limited
Sobha Projects And Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Parvathy Land Developers Private Limited
Sunbeam Projects Private Limited
Technobuild Developers Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Thiruchour Builders Private Limited
Thiruchour Developers Private Limited
Tirur Cyber Real Estates Private Limited
Valasai Vettikadu Builders Private Limited
Valasai Vettikadu Properties Private Limited
Valasai Vettikadu Real Estate Private Limited
Valasai Vettikadu Realtors Private Limited
Vayaloor Builders Private Limited
Vayaloor Developers Private Limited
Vayaloor Properties Private Limited
Vayaloor Real Estate Private Limited
Vayaloor Realtors Private Limited
PNC Switchgears Private Limited
Sobha City
Sri Kurumba Trust
Sobha Tambaram Developers Limited (formerly known as Megatech Software Private Limited)
Sobha Nandambakkam Developers Limited (formerly known as Tirur Cybercity Developers Private Limited)
C V S Tech Park Private Limited.

b) Transactions with Related Parties

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-18	31-Mar-17
			₹ million	₹ million
Balance Payable	Holding Company	Sobha Limited	81.445	78.445
Guarantees received	Holding Company	Sobha Limited	227.320	-
Professional fee	Holding Company	Sobha Limited	2.273	-
Reimbursement	Other related party	Sobha Developers Pune Limited	0.227	-

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20 Fair value measurements

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

₹ million

Particulars	As at March 31, 2018			As at March 31, 2017		
	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	-	-	0.390	-	-	0.083
Other current financial assets	-	-	-	-	-	26.955
Total	-	-	**0.390**	-	-	**27.038**
Financial liabilities						
Trade payables	-	-	0.020	-	-	-
Other financial liabilities	-	-	-	-	-	78.466
Total	-	-	**0.020**	-	-	**78.466**

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21 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):

₹ million

	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	-	-	-	-	-	-
Trade and other payables	0.020	-	-	-	-	0.020
	0.020	-	-	-	-	**0.020**
Year ended March 31, 2017						
Other financial liabilities	78.466	-	-	-	-	78.466
Trade and other payables	-	-	-	-	-	-
	78.466	-	-	-	-	78.466

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22 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.

₹ million

	31-Mar-18	31-Mar-17
Trade payables (Note 9)	0.020	-
Other payables (Note 10)	81.445	78.466
Less: Cash and cash equivalents (Note 6)	0.390	0.083
Net debt	81.055	78.383
Equity (Note 7)	0.100	0.100
Other Equity(Note 8)	(0.099)	(0.061)
Total capital	0.001	0.039
Capital and net debt	81.056	78.422
Gearing ratio	100%	100%

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.

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23 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 material impact on the Company as the deductible temporary differences or assets that are in the scope of the amendments is very negligible.

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

Kanish Jain & Co. Bangalore Chartered Accountants

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.

As per our report of even date

For Kanish Jain & Co
ICAI Firm registration number: 013839S
Chartered Accountants

Kanish

Kanish Jain & Co. Bangalore Chartered Accountants

Kanish.K.Jain
Proprietor
Membership No.: 229048

Place: Bengaluru, India
Date: 16th May, 2018

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

Ravi P N C Menon
Director
DIN: 02070036

J C Sharma
Director
DIN: 01191608

Place: Bengaluru, India
Date: 16th May, 2018