



**KANISH JAIN & Co.,**  
Chartered Accountant  
Firm Reg. No : 013839S

No. 84, Sampige Road, Malleshwaram,  
Bangalore - 560 003.  
Mob. : +91 98443 16421  
E-mail: ca.kanishjain@gmail.com

## **Independent Auditor's Report**

**To The Members Of Sobha Assets Private Limited**

### **Report on the Ind AS Financial Statements**

I have audited the accompanying Ind AS financial statements of **Sobha Assets Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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.

### **Auditor's Responsibility**

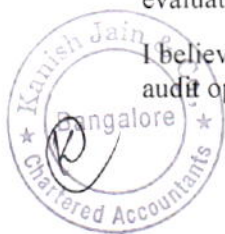
My responsibility is to express an opinion on these Ind AS financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I 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.

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 Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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



## Opinion

In my opinion and to the best of my information and according to the explanations given to me, 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 the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance 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 section 143(11) of the Act, I give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, 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 purposes 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, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in my opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate report in "Annexure B"; and





- (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 did not have any pending litigations as at 31st March 2017 which have an impact on its financial position in its financial statements;
  - ii. The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 6 to the Ind AS financial statements.

for **Kanish Jain & Co.**

Chartered Accountant

Firm's registration number: 013839S

*Kanish*

**Kanish Jain**

Partner

Membership number 229048

Place: Bengaluru

Date : 15<sup>th</sup> May 2017

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, I report that:

- (i) The Company has no fixed assets during the year and hence provisions of sub clause (a)(b) and (c) of this para 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) The Company had not granted any loan secured or unsecured to any companies, firms or other parties as covered in the register maintained under section 189 of the Companies Act, 2013 and hence the provisions of clause (iii) of the said Order are not applicable.
- (iv) According to the information and explanations given to me and based on my examination of the records of the Company, there are no loans and investments made during the year by the Company and hence provisions of Section 185 and 186 of the Act are not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.
- (vii) (a) According to the information and explanations given to me and on the basis of my examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to me, the Company did not have any dues on account of provident fund, employees' state insurance and duty of excise.  
  
According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to me, there are no material dues of income tax, sales tax, duty of excise, service tax, value added tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to me, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of my audit.
- (xi) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.





- (xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Kanish Jain & Co.**  
Chartered Accountants  
Firm's registration number: 013839S

*Kanish*  
**Kanish Jain**  
Partner  
Membership number: 229048

Place: Bengaluru

Date : 15<sup>th</sup> May 2017

## **Annexure - B to the Auditors' Report**

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

I have audited the internal financial controls over financial reporting of **Sobha Assets Private Limited** ("the Company") as of 31 March 2017, in conjunction with my audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Company's internal financial controls system over financial reporting.





## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Kanish Jain & Co.**

Chartered Accountant

Firm's registration number: 013839S

  
**Kanish Jain**  
Partner  
Membership number: 229048

Place: Bengaluru

Date : 15<sup>th</sup> May 2017

**Sobha Assets Private Limited**  
**Balance sheet as at March 31, 2017**

	Note	As at 31-Mar-17 ₹ million	As at 31-Mar-16 ₹ million	As at 01-Apr-15 ₹ million
<b>Assets</b>				
<b>Non- current assets</b>				
Other non-current assets	4	0.008	0.008	0.008
		<b>0.008</b>	<b>0.008</b>	<b>0.008</b>
<b>Current assets</b>				
Inventories	5	51.459	49.174	46.821
Financial assets				
Cash and cash equivalents	6	0.083	0.088	0.026
Other current assets	4	26.955	26.625	26.294
		<b>78.497</b>	<b>75.887</b>	<b>73.141</b>
<b>Total assets</b>		<b>78.505</b>	<b>75.895</b>	<b>73.149</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	7	0.100	0.100	0.100
Other equity	8	(0.061)	(0.050)	(0.031)
<b>Total equity</b>		<b>0.039</b>	<b>0.050</b>	<b>0.069</b>
<b>Current liabilities</b>				
Financial liabilities				
Other current liabilities	9	78.466	75.845	73.080
		<b>78.466</b>	<b>75.845</b>	<b>73.080</b>
<b>Total liabilities</b>		<b>78.466</b>	<b>75.845</b>	<b>73.080</b>
<b>Total equity and liabilities</b>		<b>78.505</b>	<b>75.895</b>	<b>73.149</b>

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

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

Kanish.K.Jain  
Proprietor  
Membership No.: 229048

Ravi P N C Menon  
Director  
DIN: 02070036

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 15th May, 2017

Place: Bengaluru, India  
Date: 15th May, 2017



**Sobha Assets Private Limited**  
**Statement of profit and loss for the year ended March 31, 2017**

	Note	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Revenue from operations		-	-
Other income		-	-
<b>Total income</b>		<b>-</b>	<b>-</b>
<b>Expenses</b>			
(Increase)/ decrease in inventories of land stock and work-in-progress	10	(2.285)	(2.354)
Other expenses	11	0.011	0.094
Finance cost	12	2.285	2.279
<b>Total expenses</b>		<b>0.011</b>	<b>0.019</b>
<b>Profit before tax</b>		<b>(0.011)</b>	<b>(0.019)</b>
<b>Profit for the year</b>		<b>(0.011)</b>	<b>(0.019)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>(0.011)</b>	<b>(0.019)</b>
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>	17	<b>(0.000)</b>	<b>(0.000)</b>
Basic and Diluted			

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

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

Kanish.K.Jain  
Proprietor  
Membership No.: 229048

Ravi P N C Menon  
Director  
DIN: 02070036

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 15th May, 2017

Place: Bengaluru, India  
Date: 15th May, 2017

**Sobha Assets Private Limited**  
**Statement of Cash Flows for the year ended March 31, 2017**

	Note	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Operating activities</b>			
Profit before tax		(0.011)	(0.019)
Working capital adjustments:			
(Increase)/ decrease in inventories		(2.285)	(2.354)
(Increase)/ decrease in other financial and non-financial assets		(0.330)	(0.331)
Increase/ (decrease) in other non-financial liabilities		2.621	2.765
		(0.004)	0.062
Income tax paid (net of refund)		-	-
<b>Net cash flows from/ (used in) operating activities (A)</b>		<b>(0.004)</b>	<b>0.062</b>
<b>Investing activities</b>			
<b>Net cash flows from/ (used in) investing activities (B)</b>		<b>-</b>	<b>-</b>
<b>Financing activities</b>			
<b>Net cash flows from/ (used in) financing activities (C)</b>		<b>-</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(0.004)	0.062
Cash and cash equivalents at the beginning of the year	6	0.088	0.026
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>0.084</b>	<b>0.088</b>

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

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

Kanish.K.Jain  
Proprietor  
Membership No.: 229048

Ravi P N C Menon  
Director  
DIN: 02070036

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 15th May, 2017

Place: Bengaluru, India  
Date: 15th May, 2017



Sobha Assets Private Limited  
Statement of Changes in Equity for the year ended March 31, 2017

a. Equity share capital

	No of Shares	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At April 1, 2015	10,000	0.100
At March 31, 2016	10,000	0.100
At March 31, 2017	10,000	0.100

b. Other equity

For the year ended March 31, 2017

		₹ million
Attributable to the equity holders of the Company		Total
	Reserves and Surplus	
	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)

For the year ended March 31, 2016

		₹ million
Attributable to the equity holders of the Company		Total
	Reserves and Surplus	
	Retained earnings	
As at April 1, 2015	(0.031)	(0.031)
Profit for the year	(0.019)	(0.019)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	(0.050)	(0.050)
At March 31, 2016	(0.050)	(0.050)

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

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

Kanish.K.Jain  
Proprietor  
Membership No.: 229048

Ravi P N C Menon      J C Sharma  
Director                      Director  
DIN: 02070036      DIN: 01191608

Place: Bengaluru, India  
Date: 15th May, 2017

Place: Bengaluru, India  
Date: 15th May, 2017

## **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.

For all periods up to and including the year ended March 31, 2016, 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, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 22 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 INR and all values are rounded to the 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.



**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.

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.

**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.

**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**

Tax expense comprises of current and deferred tax.

*Current income tax*

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

*Deferred income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

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

> When the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised.

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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting 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**

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.

### 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) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### i) Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

#### b) 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) 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 Other assets

	₹ million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
<b>Advances recoverable in cash or kind</b>						
Unsecured considered good	26.000	26.000	26.000	-	-	-
<b>Others</b>						
Balances with statutory/ government authorities	0.955	0.625	0.294			
Preliminary Expenses	-	-	-	0.008	0.008	0.008
	<b>26.955</b>	<b>26.625</b>	<b>26.294</b>	<b>0.008</b>	<b>0.008</b>	<b>0.008</b>

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

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	01-Apr-15 ₹ million
Work-in-progress	51.459	49.174	46.821
	<b>51.459</b>	<b>49.174</b>	<b>46.821</b>

## 6 Cash and bank balances

	₹ million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
<b>Cash and cash equivalents</b>						
<i>Balances with banks:</i>						
- On current accounts	0.073	0.088	0.026	-	-	-
Cash on hand	0.010	0.000	0.000			
	<b>0.083</b>	<b>0.088</b>	<b>0.026</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	01-Apr-15 ₹ million
<i>Balances with banks:</i>			
- On current accounts	0.073	0.088	0.026
Cash on hand	0.010	0.000	0.000
	<b>0.083</b>	<b>0.088</b>	<b>0.026</b>

## Disclosure for Specified Bank Notes

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

	₹ million		
Particulars	SBNs	Other denomination	Total
Closing cash in hand as on November 8, 2016	-	0.000	0.000
(+) Cash withdrawal	-	0.010	0.010
(+) Permitted receipts	-	-	-
(+) Receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	<b>0.010</b>	<b>0.010</b>

Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016. These are general receipts and payments of other denomination notes.

## 7 Share Capital

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	01-Apr-15 ₹ million
<b>Authorised shares</b>			
10,000 (March 31, 2016 - 10,000; April 1, 2015 - 10,000) equity shares of ₹10 each	0.100	0.100	0.100
<b>Issued, subscribed and fully paid-up shares</b>			
10,000 (March 31, 2016 - 10,000; April 1, 2015 - 10,000) equity shares of ₹10 each fully paid up	0.100	0.100	0.100
Total issued, subscribed and fully paid-up share capital	0.100	0.100	0.100

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

	31-Mar-17		31-Mar-16		01-Apr-15	
	No of Shares	₹ million	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>						
At the beginning of the year	10,000	0.100	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	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-17		31-Mar-16		01-Apr-15	
	No of Shares	Holding percentage	No of Shares	Holding percentage	No of Shares	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>						
Sobha Limited	10,000	100%	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-17 ₹ million	31-Mar-16 ₹ million
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	(0.050)	(0.031)
Profit for the year	(0.011)	(0.019)
<b>Total other equity</b>	<b>(0.061)</b>	<b>(0.050)</b>

## 9 Other liabilities

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	01-Apr-15 ₹ million
Advances received	78.446	75.825	73.063
Others	0.020	0.020	0.017
	<b>78.466</b>	<b>75.845</b>	<b>73.080</b>

**10 (Increase)/ decrease in inventories**

	₹ million	₹ million		₹ million
	31-Mar-17	31-Mar-16	Less: Transferred to Capital work- in-progress/ tangible assets/ advances	(Increase)/ decrease
Inventories at the end of the year				31-Mar-17
Work-in-progress	51.459	49.174		(2.285)
	51.459	49.174	-	(2.285)
Inventories at the beginning of the year				31-Mar-16
Work-in-progress	49.174	46.821		(2.354)
	49.174	46.821	-	(2.354)
(Increase)/ decrease	(2.285)	(2.354)		

**11 Other expenses**

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Rates and taxes	0.006	0.004
Legal and professional fees	-	0.085
Payment to auditor (Refer details below)	0.005	0.005
	<b>0.011</b>	<b>0.094</b>

**Payment to auditor**

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
As auditor:		
Audit fee	0.005	0.005
	<b>0.005</b>	<b>0.005</b>

**12 Finance costs**

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Bank charges	2.285	2.279
<b>Total finance costs</b>	<b>2.285</b>	<b>2.279</b>

**Sobha Assets Private Limited****Notes to the financial statements for the year ended March 31, 2017**

- 13 There is no contingent liability during the year.
- 14 The company does not have any employees and hence no provision is considered in respect of employee benefits.
- 15 There is no expenditure or earnings in Foreign exchange during the period.
- 16 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.

**17 Earnings per Share:**

Particulars	Current Year	Previous year
Nominal value of equity shares	10	10
Profit after tax attributable to shareholders (₹ million)	-0.0108	-0.01889
Weighted average number of equity shares outstanding during the year	10000	10000
Basic EPS (In Rs)	(0.000)	(0.000)

- 18 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

**Holding company**

Sobha Limited

(formerly Known as Sobha Developers Limited)

**Other Related Parties**

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



Kaloore 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

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)

b) Transactions with Related Parties

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-17	31-Mar-16
			₹ million	₹ million
Balance Payable	Holding Company	Sobha Limited	78.445	75.825

**Sobha Assets Private Limited**  
**Notes to the financial statements for the year ended March 31, 2017**

**19 Fair value measurements**

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

₹ million

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	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
<b>Financial assets</b>									
Loans	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	0.083	-	-	0.088	-	-	0.026
Other current financial assets	-	-	26.955	-	-	26.625	-	-	26.294
<b>Total</b>	-	-	<b>27.038</b>	-	-	<b>26.713</b>	-	-	<b>26.320</b>
<b>Financial liabilities</b>									
Borrowings	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	78.466	-	-	75.845	-	-	73.080
<b>Total</b>	-	-	<b>78.466</b>	-	-	<b>75.845</b>	-	-	<b>73.080</b>

**20 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 2017 and 2016 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
<b>Year ended March 31, 2017</b>						
Borrowings	-	-	-	-	-	-
Other financial liabilities	78.466	-	-	-	-	78.466
Trade and other payables	-	-	-	-	-	-
	<b>78.466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78.466</b>
<b>Year ended March 31, 2016</b>						
Borrowings	-	-	-	-	-	-
Other financial liabilities	75.845	-	-	-	-	75.845
Trade and other payables	-	-	-	-	-	-
	<b>75.845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75.845</b>
<b>As at April 1, 2015</b>						
Borrowings	-	-	-	-	-	-
Other financial liabilities	73.080	-	-	-	-	73.080
Trade and other payables	-	-	-	-	-	-
	<b>73.080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73.080</b>



**21 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-17	31-Mar-16	01-Apr-15
Other payables (Note 9)	78.466	75.845	73.080
Less: Cash and cash equivalents (Note 6)	-0.083	-0.088	-0.026
<b>Net debt</b>	<b>78.383</b>	<b>75.757</b>	<b>73.054</b>
Equity (Note 7)	0.100	0.100	0.100
Other Equity (Note 8)	-0.061	-0.050	-0.031
<b>Total capital</b>	<b>0.039</b>	<b>0.050</b>	<b>0.069</b>
<b>Capital and net debt</b>	<b>78.423</b>	<b>75.807</b>	<b>73.123</b>
Gearing ratio	100%	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, 2017 and March 31, 2016.

## **22 First-time adoption of Ind AS**

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, 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, 2017, together with the comparative period data as at and for the year ended March 31, 2016, 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, 2015, 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, 2015 and the financial statements as at and for the year ended March 31, 2016.

### **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, 2016 and April 1, 2015.

### **Reconciliation of Total Comprehensive income for the year ended March 31, 2016**

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.

## **23 Standards issued but not effective**

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below. In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The Company intends to adopt this standard and amendments when it becomes effective.

### **Ind AS 115 - Revenue from Contracts with Customers**

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an 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. This standard will come into force from accounting period commencing on or after April 1, 2018. The Company will adopt the new standard on the required effective date. The directors of the Company anticipate that the application of the standard will be applicable only to certain streams of revenue and will not have a material impact on the financial statements.

### **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**24 Prior year comparatives**

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

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

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

Kanish.K.Jain  
Proprietor  
Membership No.: 229048

Ravi P N C Menon  
Director  
DIN: 02070036

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 15th May, 2017

Place: Bengaluru, India  
Date: 15th May, 2017