

# **S. JANARDHAN & ASSOCIATES**

## **CHARTERED ACCOUNTANTS**

**VIJAY BHATIA**, B.com., F.C.A.,  
**BALAKRISHNA S.BHAT**, B.com., F.C.A.,  
**B. ANAND**, B.Sc., F.C.A.,



Apt. No.103 & 106  
Embassy Centre  
No.11, Crescent Road  
Bangalore - 560 001

Phone :22265438, 22260055  
22202709 Fax: 22265572  
E-mail : ca.sjassociates@gmail.com

### **INDEPENDENT AUDITORS' REPORT**

**To The members of Sobha Developers (Pune) Limited,**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s Sobha Developers (Pune) Limited, ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March 2016 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we consider appropriate and according to the information and explanation given to us we give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014,
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016, 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 our 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 our opinion and to the best of our information and according to the explanation given to us :

- (i) The Company have pending litigations as at 31<sup>st</sup> March 2016 which have an impact on its financial position in its financial statements – refer Note no.2.28 (b);
- (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 transferred, to Investors Education and Protection Fund by the Company.

Place: Bengaluru  
Date: 09.05.2016



**For S Janardhan & Associates**  
Chartered Accountants  
Registration No. 005310S

A handwritten signature in black ink, appearing to be "B. Anand".

**B Anand**  
Partner

Membership Number: 029146

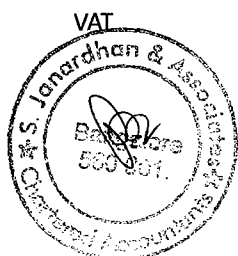
## Annexure A to the Auditors' Report

The Annexure referred to in our Independent Auditors report to the members of Sobha Developers (Pune) Limited ('the Company') on the financial statements for the year ended 31<sup>st</sup> March 2016,

We report that:

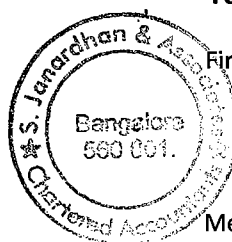
1. The Company has no fixed assets during the year and hence provisions of this para are not applicable to the company.
2. a) In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventory at reasonable intervals during the year under review.  
b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
b) According to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancies were noticed on their physical verification.
3. 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 except certain advance for purchase of land to the holding company and hence the provisions of clause (iii) of the said Order are not applicable.
4. According to the information and explanations given to us and based on our 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.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
6. We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima-facie the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
7. a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, excise duty, Value added tax, cess and other material statutory dues have been regularly deposited during the year by the company with appropriate authorities.  
b) According to the information and explanations given to us no undisputed amount payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Nature of dues	Amount in Rs.	Period to which It relates	Forum where dispute is pending
VAT	Dispute in method of computation	1,52,27,204	FY 2011-12	JCCT Appeals Bangalore

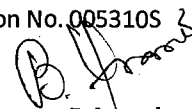


8. According to the records of the Company examined by us and the information and explanation given to us, the Company has not borrowed any loans or other borrowings from any financial institution, bank or Government as at the balance sheet date. The company has no debenture holders as at the balance sheet date.
9. In our opinion, and according to the information and explanations given to us, there are no long term loans availed by the Company as at the end of the year.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has not paid/ provided for managerial remuneration and hence provisions of this para are not applicable.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

Place: Bengaluru  
Date: 09.05.2016



**For S Janardhan & Associates**  
Chartered Accountants  
Firm Registration No. 005310S



**B Anand**  
Partner

Membership Number: 029146

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of Sobha Developers (Pune) Limited on the financial statements for the year ended March 31, 2016.

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

1. We have audited the internal financial controls over financial reporting of Sobha Developers (Pune) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

2. 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 Act.

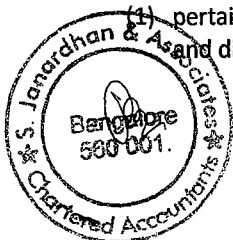
**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

6. 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 the 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.

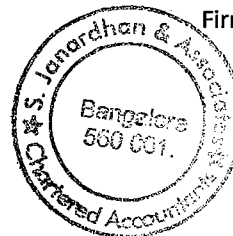
#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. 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**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 S Janardhan & Associates**  
Chartered Accountants  
Firm Registration No. 005310S



A handwritten signature in black ink, appearing to read "B. Anand".

**B Anand**  
Partner

Place: Bengaluru  
Date: 09.05.2016

Membership Number: 029146

**SOBHA DEVELOPERS (PUNE) LIMITED**

(Formerly Known as Sobha Developers(Pune) Private Limited

"Sobha", Sarjapur-Marathahalli Outer Ring Road(ORR)

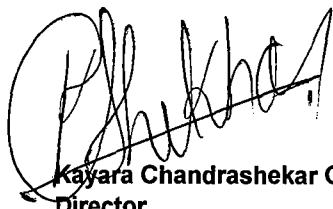
Devarabisanahalli, Bellandur Post, Bangalore - 560103

CIN - U45202KA2007PLC041761

**BALANCE SHEET AS AT MARCH 31ST 2016**

PARTICULARS	Notes No.	[In Rupees] As at 31-Mar-16	[In Rupees] As at 31-Mar-15
<b>EQUITIES AND LIABILITIES:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	2.1	5,26,320	5,26,320
(b) Reserves and surplus	2.2	2,05,39,25,065	1,97,61,79,322
		<b>2,05,44,51,385</b>	<b>1,97,67,05,642</b>
<b>NON-CURRENT LIABILITIES</b>			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
<b>CURRENT LIABILITIES</b>			
(a) Short Term Borrowings	2.3	-	39,00,12,231
(b) Trade Payables	2.4	12,51,001	-
(c) Other Current Liabilities	2.5	12,48,91,829	46,94,82,467
		<b>12,61,42,830</b>	<b>85,94,94,698</b>
<b>TOTAL</b>		<b>2,18,05,94,215</b>	<b>2,83,62,00,340</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets:			
Tangible Assets		-	-
Intangible Assets		-	-
Capital Work in Progress		-	-
(b) Non-Current Investments	2.6	54,99,837	46,57,948
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans and Advances:	2.7	5,000	5,000
(e) Other Non-Current Assets	2.8	-	3,95,24,388
		<b>55,04,837</b>	<b>4,41,87,336</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	2.9	90,88,02,818	97,63,65,682
(b) Trade Receivables	2.10	1,48,60,371	-
(c) Cash and Bank Balance	2.11	1,80,25,489	52,55,585
(d) Short Term Loans and Advances	2.12	1,18,89,17,324	1,79,56,86,013
(e) Other Current Assets	2.13	4,44,83,376	1,47,05,724
		<b>2,17,50,89,378</b>	<b>2,79,20,13,004</b>
<b>TOTAL</b>		<b>2,18,05,94,215</b>	<b>2,83,62,00,340</b>
<b>Significant Accounting Policies and notes</b>	1 & 2		

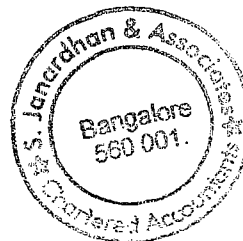
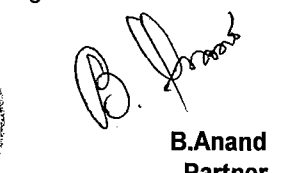
Note referred above form integral part of the financial statements

For and on behalf of the Board of Directors of  
**Sobha Developers (Pune) Limited**Subject to our Report of even date  
**For S.Janardhan & Associates**  
Chartered Accountants  
Firms' Registration No.005310S


**Kalyana Chandrashekar Gowda**  
Director  
DIN :06852235



**M Radhakrishnan**  
Director  
DIN: 02226337

**B. Anand**  
Partner  
Member Ship No.29146

Date : 09.05.2016  
Place : Bengaluru



**SOBHA DEVELOPERS (PUNE) LIMITED**

(Formerly Known as Sobha Developers(Pune) Private Limited  
 "Sobha", Sarjapur-Marathahalli Outer Ring Road(ORR)  
 Devarabisanahalli, Bellandur Post, Bangalore - 560103  
 CIN - U45202KA2007PLC041761


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST 2016**

PARTICULARS	Notes No.	[In Rupees] For the year ended 31-Mar-16	[In Rupees] For the year ended 31-Mar-15
<b>INCOME</b>			
Income from Operations	2.14	95,13,97,442	1,32,45,89,096
Other Income	2.15	25,87,890	48,63,137
<b>Total</b>		<b>95,39,85,332</b>	<b>1,32,94,52,233</b>
<b>EXPENSES</b>			
Changes in Inventories of Stock in Trade	2.16	6,75,62,864	(36,17,98,632)
Operating Expenses	2.17	68,44,44,528	1,10,80,46,188
Finance Cost	2.18	1,63,17,699	7,72,13,862
Other Expenses	2.19	5,55,64,277	1,27,02,331
<b>Total</b>		<b>82,38,89,368</b>	<b>83,61,63,749</b>
<b>Profit before tax</b>		<b>13,00,95,964</b>	<b>49,32,88,484</b>
<b>TAX EXPENSES</b>			
<b>Current Tax</b>		5,20,82,500	16,81,85,165
Deferred Tax		-	-
Tax relating to prior years		2,67,721	-
<b>Total</b>		<b>5,23,50,221</b>	<b>16,81,85,165</b>
<b>Profit after tax</b>		<b>7,77,45,743</b>	<b>32,51,03,319</b>
Basic & Diluted Earning per Share (Equity Shares of par value of Rs. 1/- each)		147.72	617.69
No of shares used in computing earning per share		5,26,320	5,26,320
Significant Accounting Policies and notes	1 & 2		

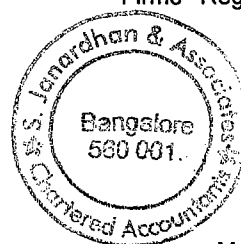
Note referred above form integral part of the financial statements

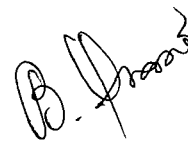
For and on behalf of the Board of Directors of  
**Sobha Developers (Pune) Limited**

Subject to our Report of even date  
**For S.Janardhan & Associates**  
 Chartered Accountants  
 Firms' Registration No.005310S

  
**Kayara Chandrashekar Gowda**  
 Director  
 DIN :06852235

  
**M Radhakrishnan**  
 Director  
 DIN: 02226337



  
**B. Anand**  
 Partner  
 Member Ship No.29146

Date : 09.05.2016.  
 Place : Bengaluru

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31ST 2016

### 2.1 SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised:		
Equity Share of Rs. 1/- par value 8,00,000 (8,00,000) Equity Shares	8,00,000	8,00,000
Issued, Subscribed and Paid up:		
Equity Share of Rs. 1/- par value 5,26,320(5,26,320) Equity shares fully paid up	5,26,320	5,26,320

The Company has only one class of Shares referred to as Equity Shares having a par value of Rs.1/-. Each shareholder of equity shares is entitled to one vote per share.

The Company has not declared any dividend during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The details of shareholder holding more than 5% shares is set out below:

Name of the Shareholder	As at 31-03-16		As at 31-03-15	
	No of Shares	% held	No of Shares	% held
Sobha Limited (Formerly Known as Sobha Developers Limited)	5,26,319	99.9998%	5,26,319	99.9998%

The reconciliation of the number of shares outstanding and the amount of share capital is set out below;

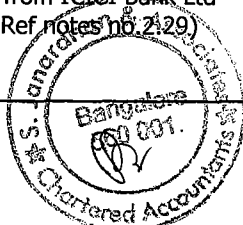
Particulars	As at 31-03-16		As at 31-03-15	
	No of Shares	Amount	No. of Shares	
No. of shares at the beginning	5,26,320	5,26,320	5,26,320	5,26,320
Add: Shares issued during the year	-	-	-	-
No. of shares at the end	5,26,320	5,26,320	5,26,320	5,26,320

### 2.2 RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
Share Premium Account		
Opening Balance	88,39,21,405	88,39,21,405
Add: Transferred during the current year	-	-
Closing Balance	<b>88,39,21,405</b>	<b>88,39,21,405</b>
Surplus/(Deficit) in the Profit and Loss statement		
Opening Balance	1,09,22,57,917	78,10,16,433
Add: Profit/(Loss) for the year	7,77,45,743	32,51,03,319
Appropriation of CSR expenditure net of tax	-	(1,38,61,835)
Net Surplus/(Deficit)	<b>1,17,00,03,660</b>	<b>1,09,22,57,917</b>
Total	<b>2,05,39,25,065</b>	<b>1,97,61,79,322</b>

### 2.3 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
Term Loan from ICICI Bank Ltd (Secured - Ref notes no 2129)	-	39,00,12,231
Total	<b>-</b>	<b>39,00,12,231</b>



**2.4 TRADE PAYABLES**

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables - Others	12,51,001	-
<b>Total</b>	<b>12,51,001</b>	<b>-</b>

**2.5 OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2016	As at March 31, 2015
Advances received from customers	1,61,47,183	41,30,70,290
Withholding tax payable	24,46,693	3,65,550
Other liabilities	1,18,15,275	1,37,29,753
Interest accrued and not due to bank	-	1,14,91,891
Income Tax payable (net)	-	3,08,24,983
Service Tax and Swachh Bharat Cess Payable	29,602	-
Maintenance Deposit payable	9,44,53,076	-
<b>Total</b>	<b>12,48,91,829</b>	<b>46,94,82,467</b>

**2.6 NON-CURRENT INVESTMENTS**

Particulars	As at March 31, 2016	As at March 31, 2015
Investment in Partnership Firm - Sobha City- Capital Account	10,000	10,000
Investment in Partnership Firm - Sobha City- Current Account	54,89,837	46,47,948
<b>Total</b>	<b>54,99,837</b>	<b>46,57,948</b>

**2.7 LONG TERM LOANS AND ADVANCES -(Unsecured, considered good)**

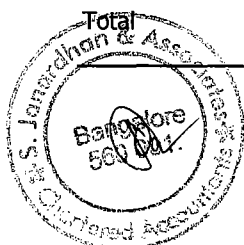
Particulars	As at March 31, 2016	As at March 31, 2015
Deposits with statutory agencies	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>5,000</b>

**2.8 OTHER NON CURRENT ASSETS**

Particulars	As at March 31, 2016	As at March 31, 2015
Interest receivable from a bank on the deposits with maturity period of more than twelve months	-	53,99,388
Non-current bank balances - Ref note 2.11	-	3,41,25,000
<b>Total</b>	<b>-</b>	<b>3,95,24,388</b>

**2.9 INVENTORIES**

Particulars	As at March 31, 2016	As at March 31, 2015
Work-in-Progress	85,87,05,032	92,29,74,536
Land Stock	5,00,97,786	5,33,91,146
<b>Total</b>	<b>90,88,02,818</b>	<b>97,63,65,682</b>



**2.10 TRADE RECEIVABLES**

Particulars	As at March 31, 2016	As at March 31, 2015
Other Debts	1,48,60,371	-
<b>Total</b>	<b>1,48,60,371</b>	<b>-</b>

**2.11 CASH AND BANK BALANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
Cash on hand	4,53,268	1,05,802
Balances with Banks on current and escrow accounts	1,75,72,221	51,49,783
<b>Total</b>	<b>1,80,25,489</b>	<b>52,55,585</b>
Deposit with banks with maturity of more than 12 months	-	3,41,25,000
<b>Total</b>	<b>-</b>	<b>3,41,25,000</b>
Less: amount shown under other non-current assets - Ref note 2.8	-	3,41,25,000
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Net Total</b>	<b>1,80,25,489</b>	<b>52,55,585</b>

**2.12 SHORT TERM LOANS AND ADVANCES**

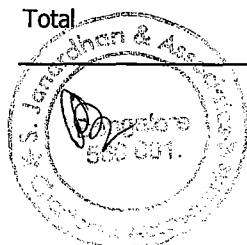
Particulars	As at March 31, 2016	As at March 31, 2015
Advance paid for land - Holding Company	1,11,23,75,687	1,67,28,03,469
Advances paid to Holding Company, for supply of goods and rendering of services	-	11,93,50,943
Advances recoverable in cash or in kind	2,24,283	-
Balances with statutory/government authorities	6,35,96,280	35,15,361
Prepaid Expenses	22,000	-
Other advances	37,070	16,240
Income Tax payable (net)	1,26,62,004	-
<b>Total</b>	<b>1,18,89,17,324</b>	<b>1,79,56,86,013</b>

**2.13 OTHER CURRENT ASSETS**

Particulars	As at March 31, 2016	As at March 31, 2015
Unbilled Revenue	4,44,83,376	1,47,05,724
<b>Total</b>	<b>4,44,83,376</b>	<b>1,47,05,724</b>

**2.14 INCOME FROM OPERATION**

Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Income from Development and construction operations	92,67,94,299	1,32,23,58,420
Other Operational Income	2,46,03,143	22,30,676
<b>Total</b>	<b>95,13,97,442</b>	<b>1,32,45,89,096</b>



**2.15 OTHER INCOME**

Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Interest received on Deposits with Bank	17,23,991	33,04,607
Share of Profit from Partnership Firm - Sobha city	8,41,889	14,82,182
Miscellaneous Income	21,019	76,348
Sundry balances written Back	991	-
<b>Total</b>	<b>25,87,890</b>	<b>48,63,137</b>

**2.16 CHANGES IN INVENTORIES OF STOCK IN TRADE**

Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Opening Stock		
Work-in-Progress	92,29,74,536	56,37,64,598
Land Stock	5,33,91,146	5,08,02,452
	97,63,65,682	61,45,67,050
Less: Closing Stock		
Work-in-Progress	85,87,05,032	92,29,74,536
Land Stock	5,00,97,786	5,33,91,146
	90,88,02,818	97,63,65,682
<b>Changes in Inventories of Stock in Trade</b>	<b>6,75,62,864</b>	<b>(36,17,98,632)</b>

**2.17 OPERATING EXPENSES**

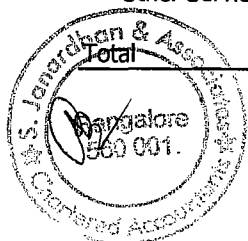
Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Subcontracting expenses	68,44,44,528	1,10,80,46,188
<b>Total</b>	<b>68,44,44,528</b>	<b>1,10,80,46,188</b>

**2.18 FINANCE COST**

Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Bank Charges	59,061	22,231
Interest	1,62,58,162	7,56,79,862
Interest on Statutory Dues	476	15,11,769
<b>Total</b>	<b>1,63,17,699</b>	<b>7,72,13,862</b>

**2.19 OTHER EXPENSES**

Particulars	for the year ended March 31, 2016	for the year ended March 31, 2015
Rates & Taxes	46,95,239	28,760
Donation	1,75,00,000	-
Professional and Consultancy Expenses	3,25,479	1,28,250
Sales Commission	1,87,51,506	1,25,07,275
Rent	66,000	-
Miscellaneous Expenses	38,62,196	3,046
Directors Sitting Fees	3,20,650	-
Project and warranty Maintenance Expenses	98,97,832	-
Auditors' Remuneration		
-Statutory Audit	40,000	35,000
-Other Services	1,05,375	-
<b>Total</b>	<b>5,55,64,277</b>	<b>1,27,02,331</b>



**1 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS AS AT March 31, 2016**

**1.1 Method of Accounting**

The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**1.2 Recognition of income from land and construction activity:**

Income from Land and Construction of each Real Estate Development Project is recognized:

(a) On the basis of "Percentage Completion Method"

(1) The percentage completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs.

(2) When the stage of completion of each project reaches a significant level, which is estimated to be at least 25% of the total estimated construction cost of the project, and

(b) On entering into agreement with customers and

(c) On collection of the amount from the customer in equal or excess of 10% of the total sale value.

**1.3 Inventory:**

Direct expenses like site labour cost, materials used for project construction, costs for moving the plant and machinery to the site and general expenses incurred specifically for the respective project like insurance, design and technical assistance and construction overheads are taken as the contract cost of the respective project.

Direct Interest cost is treated as a part of land cost/contract cost of the respective project.

Work-in-progress – Real Estate Projects: Represents the cost incurred in respect of unsold area of the Real Estate Development Projects and cost incurred on projects where the revenue is yet to be recognized.

**1.4 Operating Cycle :**

The financial statements are prepared as per the revised Schedule III notified under the Companies Act, 2013 and the statements are prepared based on the operating cycle of the firm. The firm has estimated the operating cycle period as four years for completion of the projects, on the basis of the past experience of the group.

**1.5 Provisions :**

Provision is made for all known obligations existing as on the balance sheet date based on the best estimates, which are reviewed and adjusted at each balance sheet date.

**1.6 Deferred Tax:**

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**1.7 Retirement Benefit:**

The Company has not employed any employees during the year and hence disclosures relating to employees benefit are not applicable.

**1.8 Treatment of Contingent Liabilities:**

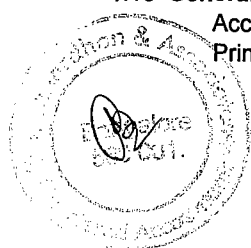
Contingent Liabilities not provided for are reflected in Notes on Accounts.

**1.9 Borrowing Costs:**

Borrowing costs are recognized as an expenses in the year in which they are incurred except which are directly attributable to acquisition/construction of fixed assets, till the time such assets are ready for use, allocated to the inventories, in which case the borrowing costs are capitalized/inventorized as part of the cost of assets/inventory.

**1.10 General :**

Accounting policies not specifically referred to above are consistent with the Generally Accepted Accounting Principles.



**2.20 Fixed Assets:**

The Company has no fixed assets during the accounting period.

2.21 The statements have been prepared for the accounting period April 1, 2015 to March 31, 2016

2.22 Balances due with Group Companies are subject to reconciliation.

2.23 The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

**2.24 Impairment of Assets:**

Pursuant to Accounting Standard (AS28) – Impairment of Assets issued by the Institute of Chartered Accountants of India, the Firm assessed its fixed assets for impairment as at March 31, 2016 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

2.25 Preliminary expenses will be written off over a period of 5 years after the company commences its business.

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

**2.27 Deferred Tax:**

Deferred tax has not been recognized in the books of accounts as a matter of prudence.

**2.28 Contingent liabilities:**

a. The Company has given a second charge on the receivable of the project, Sobha Forest View, as a security to the facility extended by ICICI Bank Limited to a other related party and holding company.

b. Disputed vat liability of Rs.1,52,27,204/-

2.29 The Company has availed a Term Loan from M/s ICICI Bank Ltd and such loan is secured against equitable mortgage of property wherein the Sobha Forest View is being constructed, along with the proposed building thereon and receivables, cashflows, revenues (Including booking amounts) arising out of or in connection with Sobha Forest View Project. The term loan facility to be repayable in Monthly Installments starting from July 2014 to February 2016 as per the schedule agreed to and carries interest rate in the range of 12.5% to 15%, which is subject to change as per the banking norms. Sobha Developers Limited has given corporate guarantee to the bank, for the facility provided.

2.30 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.

2.31 The Company is not a manufacturing Concern and hence the information as required to be given under para 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act 2013 is not furnished.

2.32 The Company is mainly engaged in the business of Real Estate Development and construction of properties and projects and therefore segment reporting as required under Accounting Standard AS 17 is not applicable.

2.33 In the opinion of Board of Directors, all current and non-current assets and Loans and advances have at least the value as stated in the balance sheet, if realized in the normal course of business.

2.34 Interest amounting to Rs.1,62,58,612/- has been included in the project cost.

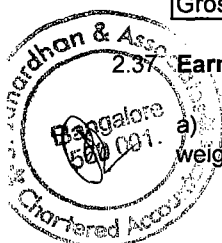
2.35 The provision of Gratuity and other related acts are not applicable and hence no such provisions are made.

2.36 The disclosure in respect of projects wherever the contract revenue has been recognized, cost incurred and other details as required under AS-7 on Construction Contracts are given under:

Particulars	31-Mar-16	31-Mar-15
Contract Revenue recognized as revenue in the period	92,67,94,299	1,32,23,58,420
Contract Cost incurred and recognized Profits (less recognized Losses) upto the reporting date	3,33,62,20,426	6,60,01,43,610
Advances received	2,56,67,87,986	6,29,83,69,738
Gross amount due from customers for contract work	4,44,83,376	1,47,05,724

**2.37 Earnings per Share:**

a) Basic Earnings per share is calculated by dividing the net profit attributable to the ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year.



b) The following reflects the income and share data used in the computation of Basic Earnings per share.

Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
Amount used as the numerator		
Net Profit attributable to the ordinary Shareholders for Basic Earnings per Share	7,77,45,743	32,51,03,319
No of Ordinary Shares used as denominator		
Weighted average number of ordinary shares in issue applicable to Basic earnings per Share	5,26,320	5,26,320

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

a ) List of Related Companies

**Holding Company**

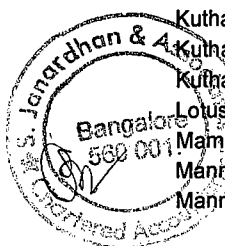
Sobha Limited

(formerly known as Sobha Developers Limited)

**Name of the 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 Electromechanical Private Limited  
 Indeset Steel Private Limited  
 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

Perambakkam Properties 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  
 Sobha Assets Private Limited  
 Sobha Aviation And Engineering Services Private Limited  
 Sobha Contracting Private Limited  
 Sobha Electro Mechanical Private Limited  
 Sobha Glazing And Metal Works Private Limited  
 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





Mannur Real Estate Private Limited  
 Mapedu Builders Private Limited  
 Mapedu Real Estates Private Limited  
 Mapedu Realtors Private Limited  
 Marina Realtors Private Limited  
 Sobha Tambaram Developers Limited (formerly known as Megatech Software 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

Thakazhi Realtors Private Limited  
 Thiruchour Builders Private Limited  
 Thiruchour Developers Private Limited  
 Tirur Cyber Real Estates Private Limited  
 Valasai Vettikadu Builders Private Limited  
 Sobha Nandambakkam Developers Limited (formerly known as Tirur Cybercity Developers 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  
 Sri Kurumba Trust  
 Sobha City  
 Lotus Manpower Services  
 PNC Switchgears Private Limited

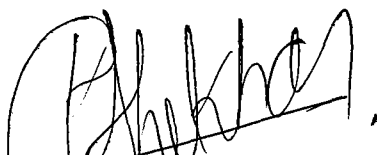
b) Transactions with Related Parties

Nature of transaction	Description of relationship	Name of the Related party	(In Rupees.) 31-Mar-16	(In Rupees.) 31-Mar-15
Balance Receivable	Holding Company	Sobha Limited	1,11,23,75,687	1,79,21,54,412
Purchase of goods		Sobha Limited	68,89,94,687	1,11,58,59,608
Donation	Other Related Parties	Sri Kurumba Trust	1,75,00,000	1,67,00,000
Share of Income		Sobha City	8,41,889	14,82,182
Investment		Sobha City	10,000	10,000
Balance Receivable		Sobha City	54,99,837	46,57,948
Security offered for loan availed	Other Related Party	Sobha Purvankara Aviation Private Limited	16,75,89,000	39,10,41,000
Guarantees Received	Holding Company	Sobha Limited	-	39,00,12,231
Guarantees Given	Other Related Party	Sobha City	29,16,66,669	-

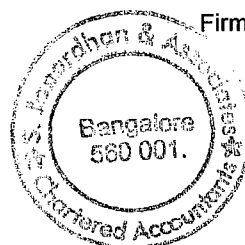
Signature to significant accounting policies and Notes to accounts

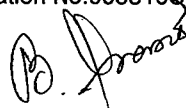
For and on behalf of the Board of Directors of  
**Sobha Developers (Pune) Limited**

Subject to our Report of even date  
**For S.Janardhan & Associates**  
 Chartered Accountants  
 Firms' Registration No.005310S

  
**Kavya Chandrashekar Gowda**  
 Director  
 DIN :06852235

  
**M Radhakrishnan**  
 Director  
 DIN: 02226337



  
**B. Anand**  
 Partner  
 Member Ship No.29146


Date : 09.05.2016.  
 Place : Bengaluru

**SOBHA DEVELOPERS (PUNE) LIMITED**  
**Cash flow statement for the year ended 31 March 2016**  
CIN - U45202KA2007PLC041761

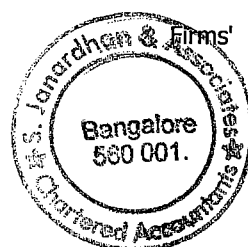
Cash flow from operating activities	[In Rs.]	[In Rs.]
	31 st March, 2016	31 st March, 2015
Profit before tax	13,00,95,964	49,32,88,484
Adjustment of items appropriated to retained earnings		
CSR expenditure - Donation	-	(1,67,00,000)
Share of profit from investment in partnership firm	(8,41,889)	(14,82,182)
Interest expense	1,63,17,699	7,72,13,862
Interest income	(17,23,991)	(33,04,607)
Operating profit before working capital changes	<b>14,38,47,783</b>	<b>54,90,15,557</b>
<b>Movements in working capital :</b>		
Increase/ (decrease) in trade payables	12,51,001	-
Increase/ (decrease) in other current liabilities	(30,22,73,764)	7,21,69,132
Decrease / (increase) in trade receivables	(1,48,60,371)	-
Decrease / (increase) in inventories	6,75,62,864	(36,17,98,632)
Decrease / (increase) in other assets	(2,97,77,652)	8,94,70,593
Decrease / (increase) in loans and advances	61,94,30,693	20,42,42,215
Cash generated from /(used in) operations	<b>48,51,80,554</b>	<b>55,30,98,865</b>
Direct taxes paid (net of refunds)	(9,58,37,208)	(15,39,72,095)
Net cash flow from/ (used in) operating activities (A)	<b>38,93,43,346</b>	<b>39,91,26,770</b>
<b>Cash flows from investing activities</b>		
Redemption/ maturity of bank deposits (having original maturity of more than three months)	3,41,25,000	-
Interest received	71,23,379	3,30,460
Net cash flow from/ (used in) investing activities (B)	<b>4,12,48,379</b>	<b>3,30,460</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings(net)	(39,00,12,231)	(34,48,80,872)
Interest paid (gross)	(2,78,09,590)	(7,95,19,174)
Net cash flow from/ (used in) in financing activities (C)	<b>(41,78,21,821)</b>	<b>(42,44,00,046)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,27,69,904</b>	<b>(2,49,42,816)</b>
Cash and cash equivalents at the beginning of the year	52,55,585	3,01,98,401
Cash and cash equivalents at the end of the year	<b>1,80,25,489</b>	<b>52,55,585</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	4,53,268	1,05,802
Cheques/ drafts on hand		
With banks- on current account	1,75,72,221	51,49,783
<b>Total cash and cash equivalents (note 2.11)</b>	<b>1,80,25,489</b>	<b>52,55,585</b>


Note referred above form integral part of the financial statements

For and on behalf of the Board of Directors of  
**Sobha Developers (Pune) Limited**

  
**Kayara Chandrashekar Gowda**  
Director  
DIN :06852235

  
**M Radhakrishnan**  
Director  
DIN: 02226337



As per our Report of even date  
**For S.Janardhan & Associates**  
Chartered Accountants  
Firms' Registration No.005310S  
  
**B. Anand**  
Partner  
Member Ship No.29146

Date : 09.05.2016.  
Place : Bengaluru