

Sobha Highrise Ventures Private Limited

Financial statement along with auditor's report for the  
year ended March 31, 2015

**Independent auditors' report to the members of Sobha Highrise Ventures Private Limited**

## Report on the financial statements

We have audited the accompanying financial statements of Sobha Highrise Ventures Private Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

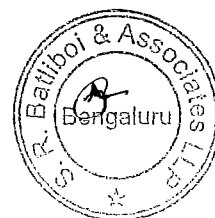
## Management's responsibility for the financial statements

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 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 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 thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants


## Opinion

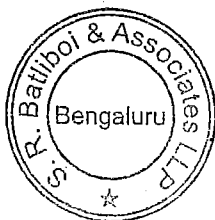
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March, 31, 2015, 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The balance sheet, 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 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 March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W  
Chartered Accountants

  
per R. Adarsh Ranka  
Partner  
Membership No.: 209567



Place: Bangalore, India  
Date: May 07, 2015

# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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

Re: Sobha Highrise Ventures Private Limited ('the Company')

- (i) (a) The Company has no fixed assets. Therefore, the provisions of clause 3(i) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and for the sale of goods and services. There is no purchase of fixed assets during the year. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in remittance of tax deducted at source in few cases. The provisions relating to employees' state insurance are not applicable to the Company.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

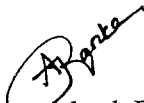


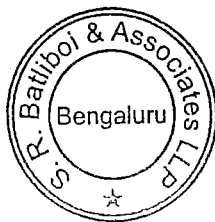
# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP  
ICAI Firm registration no: 101049W  
Chartered Accountants

  
per Adarsh Ranka  
Partner  
Membership No.: 209567



Place: Bangalore, India  
Date: May 07, 2015

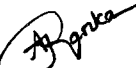
**Sobha Highrise Ventures Private Limited**  
Balance sheet as at March 31, 2015

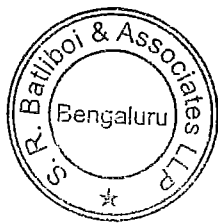
	Notes	As at 31-Mar-15	Amount in Rs. As at 31-Mar-14
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	206,000,000	206,000,000
Reserves and surplus	4	89,073,826	(29,493,899)
		295,073,826	176,506,101
<b>Non-current liabilities</b>			
Long-term borrowings	5	797,000,000	797,000,000
		797,000,000	797,000,000
<b>Current liabilities</b>			
Short-term borrowings	6	150,000,000	150,000,000
Trade payables	7	55,766,950	7,515,400
Other current liabilities	7	308,045,973	507,447,911
		513,812,923	664,963,311
<b>TOTAL</b>		<b>1,605,886,749</b>	<b>1,638,469,412</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Long-term loans and advances	8	9,664,195	3,524,947
		9,664,195	3,524,947
<b>Current assets</b>			
Inventories	10	1,189,367,950	1,334,964,090
Cash and bank balances	11	380,184,562	224,453,223
Short-term loans and advances	8	7,595,695	75,527,152
Other current assets	9	19,074,347	-
		1,596,222,554	1,634,944,465
<b>TOTAL</b>		<b>1,605,886,749</b>	<b>1,638,469,412</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.


As per our report of even date

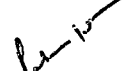
For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W  
Chartered Accountants


  
per Adarsh Ranka  
Partner  
Membership No: 209567



For and on behalf of the board of directors of  
Sobha Highrise Ventures Private Limited

  
J.C. Sharma  
Director

  
Prakash Kalothia  
Director

  
Sapna Ramesh  
Company Secretary



Place: Bangalore  
Date: May 07, 2015

Place: Bangalore  
Date: May 07, 2015

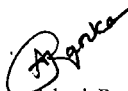
**Sobha Highrise Ventures Private Limited**  
**Statement of profit and loss for the year ended March 31, 2015**

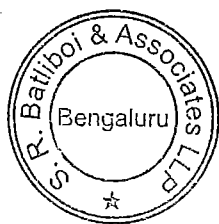
			Amount in Rs.
	Notes	31-Mar-15	31-Mar-14
<b>Income</b>			
Revenue from operations	12	861,278,885	-
Other income	13	18,688,515	7,724,500
<b>Total</b>		<b>879,967,400</b>	<b>7,724,500</b>
<b>Expenses</b>			
Cost of land		-	13,490,110
(Increase)/ decrease in inventories of work-in-progress	14	145,596,140	(335,899,276)
Sub-contracting charges		408,764,791	146,827,770
Other expenses	15	13,772,203	60,838,634
Finance costs	16	159,661,410	149,570,952
<b>Total</b>		<b>727,794,544</b>	<b>34,828,190</b>
<b>Profit / (Loss) before tax</b>		<b>152,172,856</b>	<b>(27,103,690)</b>
<b>Tax expenses</b>			
Current tax		33,605,131	-
<b>Total tax expense</b>		<b>33,605,131</b>	<b>-</b>
<b>Profit / (Loss) for the year</b>		<b>118,567,725</b>	<b>(27,103,690)</b>
<b>Earnings per equity share [nominal value of share Rs. 10]</b>	22		
<b>Basic</b>			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		5.81	(1.33)
Class D equity shares		23.71	(5.42)
<b>Diluted</b>			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		5.81	(1.33)
Class D equity shares		5.81	(5.42)
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements.


As per our report of even date

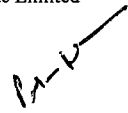
For S.R. Batliboi & Associates LLP  
ICAII Firm registration number: 101049W  
Chartered Accountants

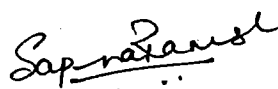
  
Per Adarsh Ranka  
Partner  
Membership No: 209567



For and on behalf of the board of directors of  
Sobha Highrise Ventures Private Limited

  
J.C. Sharma  
Director

  
Prakash Kalothia  
Director

  
Sapna Ramesh  
Company Secretary



Place: Bangalore  
Date: May 07, 2015

Place: Bangalore  
Date: May 07, 2015

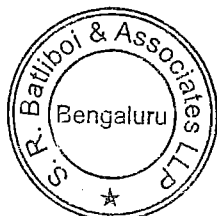
**Sobha Highrise Ventures Private Limited**
**Cash flow statement for the year ended March 31, 2015**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	152,172,856	(27,103,690)
Adjustment for :		
Interest expense	159,614,423	147,369,120
Dividend income	(16,632,692)	(7,644,885)
Operating profit/(loss) before working capital changes	295,154,587	112,620,545
Movements in working capital:		
(Increase) / decrease in inventories	145,596,140	(335,899,276)
(Increase) / decrease in loans and advances	67,931,457	(72,430,597)
(Increase) / decrease in other assets	(19,074,347)	-
Increase/ (decrease) in trade payables	48,251,550	7,515,400
Increase / (decrease) in other current liabilities	(176,512,812)	454,609,162
Cash (used in) / generated from operations	361,346,575	166,415,234
Income tax paid	(40,800,436)	(3,509,947)
<b>Net cash (used in)/ generated from operating activities - (A)</b>	<b>320,546,139</b>	<b>162,905,287</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of current investments	(1,207,644,450)	(599,315,000)
Proceeds from sale of current investments	1,207,644,450	601,204,733
Dividend income received	16,632,692	7,644,885
<b>Net cash from/ (used in) investing activities - (B)</b>	<b>16,632,692</b>	<b>9,534,618</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of debenture / debenture application money	-	43,000,000
Proceeds from term loan from banks	-	150,000,000
Proceeds from inter corporate loans	-	2,600,000
Repayment of inter corporate loans	-	(2,600,000)
Interest paid	(181,447,492)	(143,818,401)
<b>Net cash from/ (used in) financing activities - (C)</b>	<b>(181,447,492)</b>	<b>49,181,599</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>155,731,339</b>	<b>221,621,504</b>
Cash and cash equivalents as at beginning of the year	224,453,223	2,831,719
<b>Cash and cash equivalents as at the end of the year</b>	<b>380,184,562</b>	<b>224,453,223</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	17,854	41,654
Balances with scheduled banks:		
In current accounts	380,166,708	224,411,569
<b>Cash and cash equivalents in cash flow statement</b>	<b>380,184,562</b>	<b>224,453,223</b>
Summary of significant accounting policies	2.1	

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No: 209567



For and on behalf of the board of directors of  
Sobha Highrise Ventures Private Limited

J.C. Sharma  
Director

Prakash Kalothia  
Director



Place: Bangalore  
Date: May 07, 2015

Place: Bangalore  
Date: May 07, 2015

Sapna Ramesh  
Company Secretary

# Sobha Highrise Ventures Private Limited

## Notes to the financial statements for the year ended March 31, 2015

### 1 Corporate Information

Sobha Highrise Ventures Private Limited ('Company' or 'SHVPL') was incorporated on May 28, 2012 as a Private Limited Company under the provision of the Companies Act, 1956. The Company has executed an investment agreement with Sobha Limited (formerly known as Sobha Developers Limited), Winona SA Investment LLC and SA Winona Ventures Limited pursuant to which, investment has been made in the Company for execution of a residential project in Bangalore.

During the year ended March 31, 2014, as part of regulatory approvals, the Company had obtained no objection certificate ('NOC') from Hindustan Aeronautics Limited ('HAL') granting permission for construction of the residential project subject to the prescribed height limit. During the year ended March 31, 2015, based on intimation received by the Company from HAL, in view of reduction in the permissible height of the structure, the Company has applied for revised NOC and revised plan sanction from the regulatory authorities. The management of the Company is confident of obtaining the revised approvals.

### 2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). 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. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates, classification of assets and liabilities into current and non-current, net realisable value of inventory and provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

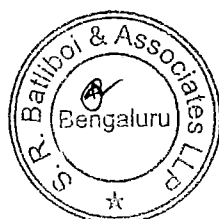
##### b) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



## Sobha Highrise Ventures Private Limited

### Notes to the financial statements for the year ended March 31, 2015

#### c) Inventories

Inventories comprising work-in-progress are valued at lower of cost and net realizable value.

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 real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

Work-in-progress (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.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Further, work-in-progress is not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

#### d) Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

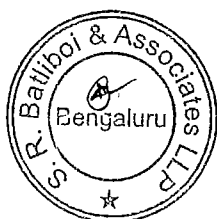
#### e) Contingent liabilities

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.

#### f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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



## Sobha Highrise Ventures Private Limited

### Notes to the financial statements for the year ended March 31, 2015

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

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

#### Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established by the balance sheet date.

#### g) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are inventorised/ 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.

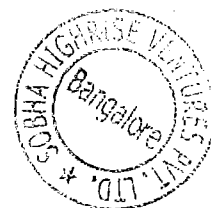
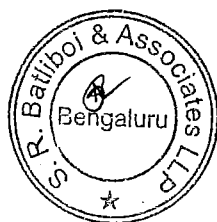
#### h) Earnings per share

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.

#### i) 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 are recognised as income or as expenses in the year in which they arise.



## Sobha Highrise Ventures Private Limited

### Notes to the financial statements for the year ended March 31, 2015

#### j) Taxes

Tax expense comprises of current and deferred 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.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

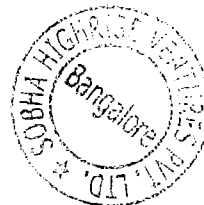
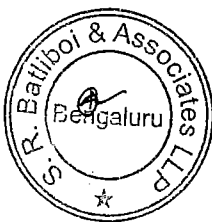
#### k) Segment reporting policies

The Company is engaged in the business of real estate development in India. Since, the Company's business activity primarily falls within a single business and geographical segment, no further disclosures are required, other than those already given in the financial statements.

#### l) 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 investments with an original maturity of three months or less.

*This space is intentionally left blank*



**Sobha Highrise Ventures Private Limited**
**Notes to the financial statements for the year ended March 31, 2015**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>3 Share capital</b>		
<b>Authorized shares</b>		
199,999 (Previous year: 199,999) Class A Equity shares of Rs.10 each	1,999,990	1,999,990
1 (Previous year: 1) Class B Equity share of Rs.10 each	10	10
10,200,000 (Previous year: 10,200,000) Class C Equity shares of Rs.10 each	102,000,000	102,000,000
2,500,000 (Previous year: 2,500,000) Class D Equity shares of Rs.10 each	25,000,000	25,000,000
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference shares of Rs. 10 each	77,000,000	77,000,000
	<b>206,000,000</b>	<b>206,000,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
199,999 (Previous year: 199,999) Class A Equity shares of Rs.10 each	1,999,990	1,999,990
1 (Previous year: 1) Class B Equity share of Rs.10 each	10	10
10,200,000 (Previous year: 10,200,000) Class C Equity shares of Rs.10 each	102,000,000	102,000,000
2,500,000 (Previous year: 2,500,000) Class D Equity shares of Rs.10 each	25,000,000	25,000,000
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference shares of Rs. 10 each	77,000,000	77,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>206,000,000</b>	<b>206,000,000</b>

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

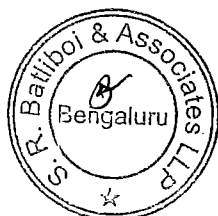
	31-Mar-15		31-Mar-14	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
<b>Equity shares</b>				
<i>Class A equity shares</i>				
At the beginning of the year	199,999	1,999,990	199,999	1,999,990
Issued during the year	-	-	-	-
Outstanding at the end of the year	199,999	1,999,990	199,999	1,999,990
<i>Class B equity shares</i>				
At the beginning of the year	1	10	1	10
Issued during the year	-	-	-	-
Outstanding at the end of the year	1	10	1	10
<i>Class C equity shares</i>				
At the beginning of the year	10,200,000	102,000,000	10,200,000	102,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	10,200,000	102,000,000	10,200,000	102,000,000
<i>Class D equity shares</i>				
At the beginning of the year	2,500,000	25,000,000	2,500,000	25,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,500,000	25,000,000	2,500,000	25,000,000
<b>Preference shares</b>				
<i>Compulsorily Convertible Preference shares</i>				
At the beginning of the year	7,700,000	77,000,000	7,700,000	77,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	7,700,000	77,000,000	7,700,000	77,000,000

**(b) Terms/ rights attached to equity shares**

The Company has 4 classes of equity shares having a par value of Rs.10 each per share comprising of Class A equity shares, Class B equity shares, Class C equity shares and Class D equity shares. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

**Class A equity shares**

Each holder of equity shares is entitled to one vote per share. Class A equity shares be eligible for dividend rights on a pari passu basis based on number of shares held by Class A shareholders in the manner specified. Class C and Class D equity shares shall rank ahead of Class A shares with respect to dividend and other distributions. In the 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.



**Sobha Highrise Ventures Private Limited**

Notes to the financial statements for the year ended March 31, 2015

*Class B equity shares*

Each holder of equity shares does not have any voting rights. Class B equity shares be eligible for dividend rights on a pari passu basis based on number of shares held by Class B shareholders in the manner specified. Class C and Class D equity shares shall rank ahead of Class B shares with respect to dividend and other distributions. In the 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.

*Class C equity shares*

Each holder of equity shares does not have any voting rights. Class C equity shares be eligible for dividend rights on a pari passu basis based on number of shares held by Class C shareholders in the manner specified. In the 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 including payment of Series A Debenture and Series B Debenture holder.

*Class D equity shares*

Each holder of equity shares does not have any voting rights. Class D equity shares be eligible for dividend rights on a pari passu basis based on number of shares held by Class D shareholders in the manner specified. In the 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 including payment of Series A Debenture and Series B Debenture holder.

**(c) Terms/ rights attached to preference shares**

The preference share of the Company comprise of Compulsorily Convertible Preference shares of Rs. 10 each. Each Compulsorily Convertible Preference share shall carry non-cumulative dividend coupon of 0.001%. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of director is subject to the approval of the shareholder in ensuing Annual General meeting.

Compulsorily Convertible Preference share shall be converted to Class D equity shares on expiry of 19 years from the effective date i.e., August 13, 2012 or on liquidation or winding up of the Company. Each Compulsorily Convertible Preference share would be converted to 1 (one) Class D equity share having a par value of Rs. 10 each.

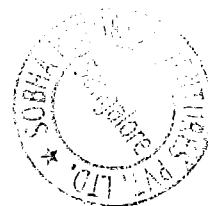
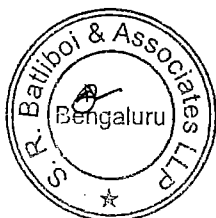
**(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity and preference shares issued by the Company, shares held by its Holding Company, ultimate Holding Company and their subsidiaries/ associates are as below:

Name of shareholder	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>Sobha Limited (formerly known as Sobha Developers Limited), the Holding Company *</b>		
100,000 (Previous year: 100,000) Class A equity shares of Rs. 10 each	1,000,000	1,000,000
2,500,000 (Previous year: 2,500,000) Class D equity shares of Rs. 10 each	25,000,000	25,000,000
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference Shares of Rs.10 each	77,000,000	77,000,000
	<u>103,000,000</u>	<u>103,000,000</u>

\* Holding Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).

*This space is intentionally left blank*



**Sobha Highrise Ventures Private Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

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

Name of shareholder	31-Mar-15		31-Mar-14	
	No of Shares	% holding	No of Shares	% holding
<i>Class A equity shares</i>				
Winona SA Investments LLC	99,999	49.9997%	99,999	49.9997%
Sobha Limited	100,000	50.0003%	100,000	50.0003%
<i>Class B equity shares</i>				
Winona SA Investments LLC	1	100%	1	100.00%
<i>Class C equity shares</i>				
Winona SA Investments LLC	10,200,000	100%	10,200,000	100.00%
<i>Class D equity shares</i>				
Sobha Limited	2,500,000	100%	2,500,000	100.00%
<i>Compulsorily Convertible Preference Shares</i>				
Sobha Limited	7,700,000	100%	7,700,000	100.00%

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.

**(f) Shares reserved for issue under options**

For details of shares reserved for issue on conversion of Compulsorily Convertible Preference shares, please refer note 3(c) regarding terms of conversion of preference shares.

For details of shares reserved for issue on conversion of Compulsorily Convertible Debentures, please refer note 5 regarding terms of conversion of debentures.

**4 Reserves and surplus**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>Statement of profit and loss</b>		
Balance as per last financial statements	(29,493,899)	(2,390,209)
Profit / (Loss) for the year	118,567,725	(27,103,690)
<b>Net surplus / (deficit) in the statement of profit and loss</b>	<b>89,073,826</b>	<b>(29,493,899)</b>

**5 Long-term borrowings**

	Non-current portion		Current maturities	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
<b>Unsecured debentures</b>				
3,985,000 (Previous year: 3,985,000) 17.5% Series A Compulsorily Convertible Debentures of Rs.100 each	398,500,000	398,500,000	-	-
3,985,000 (Previous year: 3,985,000) 17.5% Series B Compulsorily Convertible Debentures of Rs.100 each	398,500,000	398,500,000	-	-
	<b>797,000,000</b>	<b>797,000,000</b>	<b>-</b>	<b>-</b>

Series A and Series B debentures have been issued at par and are convertible into Class C and Class D equity shares respectively in the ratio of two Class C and two Class D equity shares for each Series A and Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series A and Series B debentures into Class C and Class D equity shares respectively shall be Rs.50 per equity share. The debentures carry a simple interest of 17.5% per annum.



**Sobha Highrise Ventures Private Limited**

Notes to the financial statements for the year ended March 31, 2015

**6 Short-term borrowings**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>Secured</b>		
Term loans from banks *	150,000,000	150,000,000
	<b>150,000,000</b>	<b>150,000,000</b>

\* Term loan from banks represents amount repayable within the operating cycle. Amount payable within twelve months is Rs. 30,000,000 (Previous year: Rs. Nil).

Particulars	Amount outstanding (Amount in Rs.)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
<u>From banks</u>					
Term Loan	150,000,000	150,000,000	12.50%	Secured by equitable mortgage of land and inventory of the Company. Further, the loan has been guaranteed by the corporate guarantee of Sobha Limited.	Five quarterly installments of Rs. 190,000,000 each after a moratorium of twenty seven months from the date of first disbursement.

**7 Other current liabilities**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
Trade payable (refer note 20 for details of dues to micro and small enterprises)	55,766,950	7,515,400
<b>Others</b>		
Other liabilities	1,299,185	1,922,694
Advance from customers	271,433,569	444,363,407
Withholding taxes payable	7,800,344	10,759,809
Interest accrued but not due	27,512,875	50,402,001
	<b>308,045,973</b>	<b>507,447,911</b>
	<b>363,812,923</b>	<b>514,963,311</b>

*This space is intentionally left blank*



**Sobha Highrise Ventures Private Limited**

Notes to the financial statements for the year ended March 31, 2015

**8 Loans and advances**

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Security deposit				
Security deposit - Others	15,000	15,000	-	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	11,184	53,820,931
Others				
Advance income-tax (net of provision for taxation)	9,649,195	3,509,947	-	-
Balances with statutory / government authorities	-	-	7,584,511	21,706,221
	<u>9,664,195</u>	<u>3,524,947</u>	<u>7,595,695</u>	<u>75,527,152</u>

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

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Dues from Sobha Limited, in which the Company's director is a director and a member	-	-	-	53,739,435

**9 Other Assets**

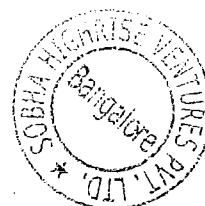
	31-Mar-15	31-Mar-14
Unbilled revenue	19,074,347	-
	<u>19,074,347</u>	<u>-</u>

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

	31-Mar-15	31-Mar-14
Work in progress	1,189,367,950	1,334,964,090
	<u>1,189,367,950</u>	<u>1,334,964,090</u>

**11 Cash and bank balances**

	31-Mar-15	31-Mar-14
Cash and cash equivalents		
Balances with banks:		
- On current accounts	380,166,708	224,411,569
Cash on hand	17,854	41,654
	<u>380,184,562</u>	<u>224,453,223</u>



**Sobha Highrise Ventures Private Limited**
**Notes to the financial statements for the year ended March 31, 2015**

	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>12 Revenue from operations</b>		
Income from property development	861,278,885	-
	<b>861,278,885</b>	<b>-</b>
<b>13 Other income</b>		
Dividend income on current investments	16,632,692	7,644,885
Other non-operating income	2,055,823	79,615
	<b>18,688,515</b>	<b>7,724,500</b>
<b>14 (Increase)/ decrease in inventories</b>		
Inventories at the end of the year		
Work in progress	1,189,367,950	1,334,964,090
	<b>1,189,367,950</b>	<b>1,334,964,090</b>
Inventories at the beginning of the year		
Work in progress	1,334,964,090	999,064,814
	<b>1,334,964,090</b>	<b>999,064,814</b>
(Increase)/ decrease	<b>145,596,140</b>	<b>(335,899,276)</b>
<b>15 Other expenses</b>		
Rates and taxes	2,031,048	22,632,466
Legal and professional fees (Refer details below)	4,782,377	5,647,801
Brokerage and commission	-	498,323
Advertising and sales promotion	6,956,299	32,020,789
Insurance	281	281
Miscellaneous expenses	2,198	38,974
	<b>13,772,203</b>	<b>60,838,634</b>
<b>Legal and professional charges include the following amounts paid/ payable to auditors</b>		
As auditor :		
Audit fee	575,000	575,000
Limited review	300,000	300,000
Reimbursement of expenses	9,551	7,130
	<b>884,551</b>	<b>882,130</b>
<b>16 Finance costs</b>		
Interest		
- On borrowings	139,475,006	137,949,384
- On term loans	18,827,629	9,400,687
- Others	1,311,788	19,049
Bank charges	46,987	2,201,832
	<b>159,661,410</b>	<b>149,570,952</b>



**Sobha Highrise Ventures Private Limited,**

**Notes to the financial statements for the year ended March 31, 2015**

**17 Related party disclosure**

**17.1 List of related parties**

**Party where control exists:**

Sobha Limited (formerly known as Sobha Developers Limited)- Holding Company\*

**Shareholder having significant influence:**

Winona SA Investments LLC

**Key management personnel ('KMP')**

Mr. J.C. Sharma

Mr. Ravi Menon

**Other Related parties with whom transactions have taken place during the year:**

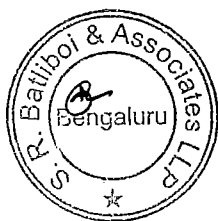
Wholly owned subsidiary of Winona SA Investments LLC

SA Winona Ventures Limited

\* Holding Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).

**17.2 Transactions with related parties**

Name of the related party	Description of relationship	Description of the nature of transaction	Amount in Rs.	
			31-Mar-15	31-Mar-14
Sobha Limited	Holding Company	Issue of Compulsorily Convertible Debentures	-	21,500,000
		Proceeds from inter corporate loans	-	2,600,000
		Repayment of inter corporate loans	-	2,600,000
		Cost of land	-	13,207,000
		Subcontractor charges	408,764,791	146,827,770
		Advertising and sales promotion expenses cross charged	6,956,299	31,603,189
		Expenses incurred on behalf of the Company	69,273	1,533
		Advance paid towards purchase of goods or services	-	53,765,189
		Interest on debentures	69,737,503	68,974,692
		Long-term borrowings - Debentures	398,500,000	398,500,000
		Trade payable	55,418,926	7,341,899
		Advances recoverable in cash or in kind	-	53,739,435
		Interest payable	15,475,995	27,264,112
		Guarantees received	150,000,000	150,000,000
SA Winona Ventures Limited	Other related party	Issue of Compulsorily Convertible Debentures	-	21,500,000
		Interest on debentures	69,737,503	68,974,692
		Long-term borrowings - Debentures	398,500,000	398,500,000
		Interest payable	12,036,880	21,494,053



**Sobha Highrise Ventures Private Limited**
**Notes to the financial statements for the year ended March 31, 2015**
**Aggregate of amount of transactions by nature:**

Description of the nature of transactions	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>(A) During the year</b>		
Issue of Compulsorily Convertible Debentures	-	43,000,000
Expenses incurred on behalf of the Company	69,273	1,533
Proceeds from inter corporate loans	-	2,600,000
Repayment of inter corporate loans	-	2,600,000
Cost of land	-	13,207,000
Subcontractor charges	408,764,791	146,827,770
Advertising and sales promotion expenses cross charged	6,956,299	31,603,189
Advance paid towards purchase of goods or services	-	53,765,189
Interest on debentures	139,475,006	137,949,384
<b>(B) Closing balance</b>		
Long-term borrowings - Debentures	797,000,000	797,000,000
Interest payable	27,512,875	48,758,165
Trade payable	55,418,926	7,341,899
Advances recoverable in cash or in kind	-	53,739,435
Guarantees received	150,000,000	150,000,000

**18 Expenditure in foreign currency (on accrual basis)**

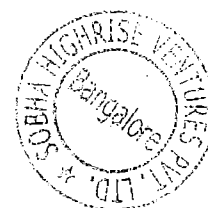
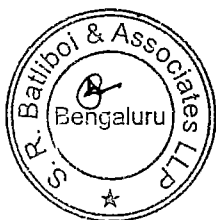
	Amount in Rs.	
	31-Mar-15	31-Mar-14
Interest on borrowings	69,737,503	68,974,692
	<u>69,737,503</u>	<u>68,974,692</u>

19 As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

20 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006".

**21 Construction contracts**

Particulars	Amount in Rs.	
	31-Mar-15	31-Mar-14
Contract revenue recognised as revenue for the year ended March 31, 2015	861,278,885	-
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2015 for all the contracts in progress	861,278,885	-
The amount of customer advances outstanding for contracts in progress as at March 31, 2015 for which revenue has been recognised	271,433,569	444,363,407



**Sobha Highrise Ventures Private Limited**

Notes to the financial statements for the year ended March 31, 2015

**22 Earnings per share ('EPS'):**

Particulars	31-Mar-15	31-Mar-14
Nominal Value of equity share (Rs.)	10	10
Weighted average number of equity shares outstanding		
Basic		
Class A equity shares	199,999	199,999
Class B equity shares	1	1
Class C equity shares	10,200,000	10,200,000
Class D equity shares	2,500,000	2,500,000
Diluted		
Class A equity shares	199,999	199,999
Class B equity shares	1	1
Class C equity shares	10,200,000	10,200,000
Class D equity shares	10,200,000	2,500,000
Profit / (loss) after taxation considered for the calculation earnings per share (Rs.)		
Basic		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	59,283,863	(13,551,845)
Class D equity shares	59,283,863	(13,551,845)
Diluted		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	59,283,863	(13,551,845)
Class D equity shares	59,283,863	(13,551,845)
Earnings Per Share (Rs.)		
Basic		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	5.81	(1.33)
Class D equity shares	23.71	(5.42)
Diluted*		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	5.81	(1.33)
Class D equity shares	5.81	(5.42)

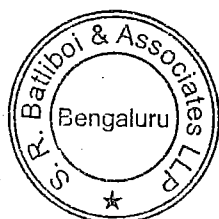
\* For the year ended March 31, 2015, since the convertible debentures are anti-dilutive, they have been ignored in the computation of diluted EPS. For the year ended March 31, 2014, since the convertible debentures/ preference shares are anti-dilutive, they have been ignored in the computation of diluted EPS.

23 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 S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No: 209567



Place: Bangalore  
Date: May 07, 2015

For and on behalf of the board of directors of  
Sobha Highrise Ventures Private Limited

J.C. Sharma  
Director

Place: Bangalore  
Date: May 07, 2015

Prakash Kalothia  
Director

Sapna Ramesh  
Company Secretary

