

Sethia Pramod and Associates
328, 1st Floor, Akash Deep,
Indiranagar 1st Stage,
Bangalore
560038

Independent Auditor's Report

To the Members of Sobha Assets Private Limited,

I have audited the accompanying financial statements of Sobha Assets Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In my opinion and to the best of my information and according to the explanations given to me, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the loss and of the expenses transferred to work in progress for the year ended on that date; and
1. Based on the information and records produced by the Company, I am of the opinion that the reports as required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 is not applicable.



2. As required by section 227(3) of the Act, I report that:

- a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
- b) in my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books
- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) in my opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.



For Sethia Pramod and Associates

Chartered Accountants

FRN: 0128945

Pramod
Pramod Sethia

(Proprietor)

Membership No. : 223045

Place: Bangalore

Date: 08-05-2013

SOBHA ASSETS PRIVATE LIMITED


Sobha, Sarjapur-Marathahalli Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post, Bangalore - 560 103

BALANCE SHEET AS AT MARCH 31ST, 2013**[In Rupees]**

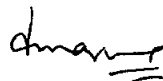
PARTICULARS	Notes No.	As at 31-Mar-13	As at 31-Mar-12
EQUITIES AND LIABILITIES:			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2.1	100,000	100,000
(b) Reserves and surplus	2.2	(12,060)	-
		87,940	100,000
NON-CURRENT LIABILITIES			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
CURRENT LIABILITIES			
(a) Short Term Borrowings	2.3	10,800	13,300
(b) Trade Payables	2.4	70,373,117	11,516,550
(c) Other Current Liabilities		-	-
		70,383,917	11,529,850
TOTAL		70,471,857	11,629,850
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed assets:			
Tangible Assets		-	-
Intangible Assets		-	-
Capital Work in Progress		-	-
(b) Non-Current Investments		-	-
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans and Advances:	2.5	26,000,000	-
(e) Other Non-Current Assets	2.6	10,640	13,300
		26,010,640	13,300
CURRENT ASSETS			
(a) Inventories	2.7	44,446,993	11,416,540
(b) Trade Receivables		-	-
(c) Cash and Bank Balance	2.8	13,606	200,010
(d) Short Term Loans and Advances		-	-
(e) Other Current Assets	2.9	618	-
		44,461,217	11,616,550
TOTAL		70,471,857	11,629,850
Significant Accounting Policies and notes	1 & 2		

Notes referred above form integral part of the financial statements

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



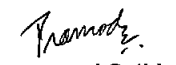
Ravi PNC Menon
Director



J C Sharma
Director

Subject to our Report of even date
For Sethia Pramod & Associates
Chartered Accountants
Firms' Registration No.012894S




Pramod Sethia
Proprietor
Membership No.223045

Date : **08-05-2013**
Place : Bangalore

SOBHA ASSETS PRIVATE LIMITED

Sobha, Sarjapur-Marathahalli Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post, Bangalore - 560 103

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31ST, 2013

[In Rupees]

PARTICULARS	Notes No.	for the year ended 31-Mar-13	for the year ended 31-Mar-12
INCOME			
Income from Operation		-	-
Other Income		-	-
		-	-
TOTAL			
EXPENSES			
Changes in Inventories of Stock in Trade	2.10	(33,030,453)	(11,416,540)
Finance Cost	2.11	6,480,453	-
Other Expenses	2.12	26,562,060	11,416,540
		12,060	-
TOTAL			
TAX EXPENSES			
Current Tax		-	-
Deferred Tax		-	-
Tax relating to prior years		-	-
		(12,060)	-
PROFIT/(LOSS) FOR THE YEAR			
Basic & Diluted Earning per Share (Equity Shares of par value of Rs. 10/- each)		(1.21)	-
No of shares used in computing earning per share		10,000	10,000
Significant Accounting Policies and notes	1 & 2		

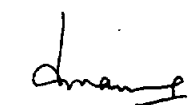
Notes referred above form integral part of the financial statements

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

Subject to our Report of even date
For Sethia Pramod & Associates
Chartered Accountants
Firms' Registration No.012894S




Ravi PNC Menon
Director



J C Sharma
Director




Pramod Sethia
Proprietor

Membership No.223045

Date : 08-05-2013

Place : Bangalore

SOBHA ASSETS PRIVATE LIMITED

Sobha, Sarjapur-Marathahalli Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post, Bangalore - 560 103

Schedule forming part of the Accounts as at March 31st, 2013

1. Significant Accounting Policies:

The company is a Small and Medium Sized Company (SMC) as defined in the general instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company. Wherever the Company has made additional disclosures than ought to have been disclosed, separate notes have been given under the respective disclosure.

1.1 Basis of Preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and in case of any such variation in the accounting policy as compared to the previous year; such variations are disclosed separately as a part of notes to accounts.

1.2 Change in Accounting Policy

During the period ended September 30, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financials. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.3 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 the 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.

1.4 Deferred Tax :

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

1.5 Impairment of tangible and intangible Fixed Assets:

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

1.6 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of 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.



1.7 Inventories:

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including all levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and finance cost and where applicable, excise duty.

1.8 Retirement Benefit :

Since the company has no employees the provision of Payment of Gratuity Act, 1972, are not applicable to the company and no provision for leave encashment as on the date of Balance Sheet has been made.

1.9 Contingent Liability:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.



2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31ST, 2013

2.1 SHARE CAPITAL

Particulars	As at	As at
	31-Mar-13	31-Mar-12
Authorised:		
Equity Share of Rs. 10/- par value	100,000	100,000
10,000 Equity Shares		
Issued, Subscribed and Paid up:		
Equity Share of Rs. 10/- par value		
10,000 Equity Shares fully paid up	100,000	100,000

The Company has only one class of Shares referred to as Equity Shares having a par value of Rs.10/-. Each shareholder of equity shares is entitled to one vote per share.

The Company has not declared any dividend during the period.

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 as at March 31, 2013 and March 31, 2012 is set out below:

Name of the Shareholder	As at 31-Mar-13		As at 31-Mar-12	
	No. of Shares	% held	No. of Shares	% held
Sobha Developers Limited - Holding company	9,999	99.99%	9,999	99.99%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2013 and March 31, 2012 is set out below:

Particulars	As at 31-Mar-13		As at 31-Mar-12	
	No. of Shares	Amount	No. of Shares	Amount
No. of shares at the beginning	10,000	100,000	-	-
Add: Shares issued during the year	-	-	10,000	100,000
No. of shares at the end	10,000	100,000	10,000	100,000

2.2 RESERVES AND SURPLUS

Particulars	As at	As at
	31-Mar-13	31-Mar-12

Surplus/(Deficit) in the Profit and Loss statement

Opening Balance		
Add: Profit/(Loss) for the year	(12,060)	-
Net Surplus/(Deficit)	(12,060)	-
Total	(12,060)	-

2.3 TRADE PAYABLES

Particulars	As at	As at
	31-Mar-13	31-Mar-12
Trade Payables - Others	10,800	13,300
Total	10,800	13,300



2.4 OTHER CURRENT LIABILITIES

Particulars	As at 31-Mar-13	As at 31-Mar-12
Advances received from holding company	70,373,117	11,516,550
Total	70,373,117	11,516,550

2.5 LONG TERM LOANS AND ADVANCES

Particulars	As at 31-Mar-13	As at 31-Mar-12
Advances recoverable in cash or kind	26,000,000	-
Total	26,000,000	-

2.6 OTHER NON CURRENT ASSETS

Particulars	As at 31-Mar-13	As at 31-Mar-12
Unamortized Expenses	10,640	13,300
Total	10,640	13,300

2.7 INVENTORIES

Particulars	As at 31-Mar-13	As at 31-Mar-12
Work-in-Progress	44,446,993	11,416,540
Total	44,446,993	11,416,540

2.8 CASH AND BANK BALANCE

Particulars	As at 31-Mar-13	As at 31-Mar-12
Cash on hand	10	10
Balances with Bank in current account	13,596	200,000
Total	13,606	200,010

2.9 OTHER CURRENT ASSETS

Particulars	As at 31-Mar-2013	As at 31-Mar-2012
Balances with statutory agencies	618	-
Total	618	-



2.10 CHANGES IN INVENTORIES OF STOCK IN TRADE

Particulars	for the year ended 31-Mar-13	for the year ended 31-Mar-12
Opening Stock	11,416,540	-
Work-in-Progress	11,416,540	-
Less: Closing Stock		
Work-in-Progress	44,446,993	11,416,540
	44,446,993	11,416,540
Changes in Inventories of Stock in Trade	(33,030,453)	(11,416,540)

2.11 FINANCE COST

Particulars	for the year ended 31-Mar-13	for the year ended 31-Mar-12
Bank Charges	6,480,453	-
Total	6,480,453	-

2.12 OTHER EXPENSES

Particulars	for the year ended 31-Mar-13	for the year ended 31-Mar-12
Approvals and NOC Expenses	150,000	
Rates & Taxes	400	7,300
Professional and Consultancy Expenses	5,000	3,000
Registration and Renewal Expenses	26,400,000	11,416,540
Preliminary Expenses written off	2,660	-
Auditors' Remuneration	4,000	3,000
Total	26,562,060	11,429,840
Less : Amount transferred to Preliminary Expenses	-	13,300
Total	26,562,060	11,416,540

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

2.14 Previous year's figures reported are from the date of incorporation, i.e., 13th March, 2012 and hence not comparable.

2.15 The Company is not a manufacturing Concern and hence the quantitative information as required to be given under para 4(c) and 4(d) of Part II of Schedule VI are not applicable.

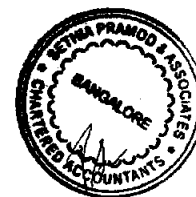
2.16 Other current liabilities includes Rs. 7,03,73,117/- due to Sobha Developers Limited, a holding company (Maximum balance during the year – Rs. 7,03,73,117/-)

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

2.18 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.

2.19 Earnings per Share:

		Current year	Previous year
Net Profit after tax available for shareholders	a.	(12,060)	-
Weighted average number of Equity shares of Rs. 10/- each fully paid up (No. Of shares)	b.	10,000	10,000
Basic/Diluted earnings per Share (a/b) (Rs.).		(1.21)	-



- 2.20 In the opinion of the Board of Directors, all current assets, have a value at least equivalent to the value stated in the Balance sheet, if realized in the ordinary course of Business and all accrued liabilities have been provided for.
- 2.21 There is no contingent liability during the year.
- 2.22 The related parties and transactions with them during the year as identified by the management are given under:

a) List of related parties

Key Management Personnel

Mr. Ravi P N C Menon

Mr. J C Sharma

Holding company

Sobha Developers Limited

Other Related Parties

Allapuzha Fine Real Estate Private Limited
 Aluva Realtors Private Limited
 Annalakshmi Land Developers Private Limited
 Bikasa Properties Private Limited
 Bikasa Realestates Private Limited
 Bikasa Realtors Private Limited
 Chennai Supercity Developers Private Limited
 Chikmangaloor Builders Private Limited
 Chikmangaloor Developers Private Limited
 Chikmangaloor Properties Private Limited
 Chikmangaloor Realtors Private Limited
 Cochin Cyber City Private Limited
 Cochin Cyber Estates Private Limited
 Cochin Cyber Golden Properties Private Limited
 Cochin Cyber Value Added Properties Private Limited
 Cochin Realtors Private Limited
 Daram Cyber Builders Private Limited
 Daram Cyber Developers Private Limited
 Daram Cyber Properties Private Limited
 Daram Lands Real Estate Private Limited
 Greater Cochin Cybercity Private Limited
 Greater Cochin Developers Private Limited
 Greater Cochin Properties Private Limited
 Greater Cochin Realtors Private Limited
 HBR Consultants Private Limited
 Hill And Menon Securities Private Limited
 Ilupur Builders Private Limited
 Ilupur Developers Private Limited
 Ilupur Properties Private Limited
 Ilupur Real Estate Private Limited
 Ilupur Realtors Private Limited
 Indeset Steel Private Limited
 Kaloor Realtors Private Limited
 Kaveripuram Developers Private Limited
 Kilai Builders Private Limited
 Kilai Properties Private Limited
 Kilai Super Developers Private Limited
 Kottaiyur Developers Private Limited
 Kottaiyur Real Estates Private Limited
 Kottaiyur Realtors Private Limited
 Kuthavakkam Builders Private Limited
 Kuthavakkam Developers Private Limited
 Kuthavakkam Properties Private Limited
 Kuthavakkam Realtors Private Limited
 Lotus Manpower Consultants Services Private Limited
 Mamballi Builders Private Limited
 Mannur Builders Private Limited
 Mannur Properties Private Limited
 Mannur Real Estate Private Limited

Pillaipakkam Properties Private Limited
 Pillaipakkam Builders Private Limited
 PNC Lighting Solutions Private Limited
 PNC Technologies Private Limited
 Punkunnam Builders And Developers Private Limited
 Puzhakkal Developers Private Limited
 Red Lotus Facility Services Private Limited
 Red Lotus Metal Works Facilities And Services Private Limited
 Red Lotus Realtors Private Limited
 Royal Interiors Private Limited
 Rusoh Fine Builders Private Limited
 Rusoh Home Developers Private Limited
 Rusoh Marina Properties Private Limited
 Rusoh Modern Builders Private Limited
 Rusoh Modern Developers Private Limited
 Rusoh Modern Properties Private Limited
 S.B.G Housing Private Limited
 Santhavellur Builders Private Limited
 Santhavellur Developers Private Limited
 Santhavellur Realtors Private Limited
 Sengadu Builders Private Limited
 Sengadu Developers Private Limited
 Sengadu Properties Private Limited
 Sengadu Realestates Private Limited
 Sengadu Realtors Private Limited
 Sobha Academy Private Limited
 Indeset Electromechanical Private Limited
 Sobha Aviation And Engineering Services Private Limited
 Sobha Contracting Private Limited
 Sobha Developers (Pune) 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



Mapedu Builders Private Limited
Mapedu Real Estates Private Limited
Mapedu Realtors Private Limited
Marina Realtors Private Limited
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
Perambakkam Properties Private Limited

Thakazhi Realtors Private Limited
Thiruchour Builders Private Limited
Thiruchour Developers Private Limited
Tirur Cyber Real Estates Private Limited
Tirur Cybercity Developers Private Limited
Valasai Vettikadu Builders Private Limited
Valasai Vettikadu Properties Private Limited
Valasai Vettikadu Real Estate Private Limited
Valasai Vettikadu Realtors Private Limited
Vayaloor Builders Private Limited
Vayaloor Developers Private Limited
Vayaloor Properties Private Limited
Vayaloor Real Estate Private Limited
Vayaloor Realtors Private Limited
PNC Switchgears Private Limited
Sobha City
Sri Kurumba Trust

b) Transactions with Related Parties

(In Rupees)

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-13	31-Mar-12
Balance Payable	Holding Company	Sobha Developers Limited	70,373,117	1,15,16,550/-

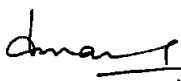
2.23 Previous Year figures have been regrouped wherever necessary.

Signature to significant accounting policies and Notes to accounts

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



Ravi PNC Menon
Director



J C Sharma
Director

Date : 08-05-2013
Place : Bangalore

Subject to our Report of even date
For Sethia Pramod & Associates
Chartered Accountants
Firms' Registration No.012894S




Pramod Sethia
Proprietor
Membership No.223045