

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

Auditors' Report

To the Board of Directors of Sobha Developers (Pune) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sobha Developers (Pune) Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss of the Company for the year then ended, 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

Management is responsible for 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

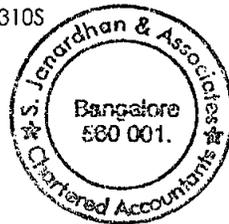
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(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; and
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **S. Janardhan & Associates**
Chartered Accountants
Firm's Registration Number: 005310S



B. Anand
Partner
Membership Number: 029146



Place: Bangalore
Date: 08-05-2013

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Sobha Developers (Pune) Limited ('the Company') for the year ended 31 March 2013. We report that:

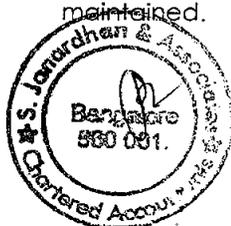
- 1) The company has no fixed assets and hence provisions of para (i) of the order are not applicable.
- 2) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventories 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 inventories. The discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt with in the books of account.
- 3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in register covered under section 301 of the Companies Act, 1956 and hence the provisions of clause (a) to (d) of para (iii) of the order (as amended) are not applicable.

(b) The Company has not taken any loans secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause (e) to (g) of para (iii) of the order (as amended) is not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and sale of services. However there are no purchase of fixed assets and sale of goods during the year. During the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses and continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- 5) (a) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.0.5 Million in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices.
- 6) The company has not accepted any deposit from the public and as such the provisions of paragraph 4(vi) of the said Order are not applicable.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) 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 209(1)(d) of the Companies Act, 1956, related to the construction of buildings/structures and other related activities, and or of the opinion that prima-facie the prescribed accounts and records have been made and maintained.



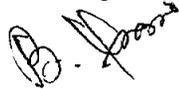
- 9) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs duty, Excise Duty, Cess and other material statutory dues as applicable to the company.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the company were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no statutory dues, which have not been deposited on account of dispute.
- 10) In our opinion, the Company has neither accumulated losses as at 31st March 2013 nor had incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11) According to information and explanations given to us, the Company has not defaulted in respect of dues to banks or financial institutions. There are no debentures holders during the year.
- 12) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence provisions of this clause are not applicable.
- 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 15) According to information and explanations given to us, the Company has not given guarantee for loans taken by others from any banks or financial institutions except for offering of receivables and rights to develop a property as a security for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company considering Company's economic interest in such entities.
- 16) According to information and explanations given to us, in our opinion, the company has borrowed Term Loan during the year and had applied for the purpose for which it has been obtained.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no short-term funds are used for long-term investment.
- 18) During the year the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause xviii of para 4 (as amended) are not applicable.



1956 and hence the provisions of clause xviii of para 4 (as amended) are not applicable.

- 19) During the year the company has not issued any debentures and hence the provisions of this order are not applicable.
- 20) The Company has not raised any monies by way of public issues during the year and hence the provisions of paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 21) During the course of our examination of the books of account 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for **S.Janardhan & Associates**
Chartered Accountants
Firm's Registration Number: 005310S



B.Anand
Partner
Membership Number: 029146



Place: Bangalore

Date : 08 - 05 - 2013

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

BALANCE SHEET AS AT 31ST MARCH 2013

PARTICULARS	Notes No.	[In Rupees]	
		As at 31-Mar-13	As at 31-Mar-12
EQUITIES AND LIABILITIES:			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2.1	526,320	526,320
(b) Reserves and surplus	2.2	1,084,915,246	928,744,920
		1,085,441,566	929,271,240
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	1,480,000,000	655,000,000
(b) Trade Payables	2.4	25,281	14,236
(c) Other Current Liabilities	2.5	1,331,784,981	489,333,418
		2,811,810,262	1,144,347,654
TOTAL		3,897,251,828	2,073,618,894
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed assets:			
Tangible Assets		-	-
Intangible Assets		-	-
Capital Work in Progress		-	-
(b) Non-Current Investments	2.6	1,330,950	-
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans and Advances:	2.7	5,000	5,000
(e) Other Non-Current Assets	2.8	60,461,982	23,931,878
		61,797,932	23,936,878
CURRENT ASSETS			
(a) Inventories	2.9	1,026,139,849	1,218,526,091
(b) Trade Receivables		-	-
(c) Cash and Bank Balance	2.10	48,327,106	12,297,446
(d) Short Term Loans and Advances	2.11	2,756,560,568	815,828,046
(e) Other Current Assets	2.12	4,426,373	3,030,433
		3,835,453,896	2,049,682,016
TOTAL		3,897,251,828	2,073,618,894
Significant Accounting Policies and notes	1 & 2		

Note referred above form integral part of the financial statements

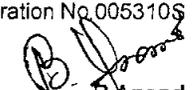
For and on behalf of the Board of Directors of
Sobha Developers (Pune) Limited


P Gopalkrishnan
 Director

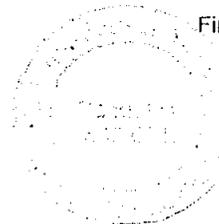

M Radhakrishnan
 Director

Subject to our Report of even date
For S.Janardhan & Associates

Chartered Accountants
 Firms' Registration No.0053105


B. Anand
 Partner
 Member Ship No.29146

Date : 08-05-2013
 Place : Bangalore



SOBHA DEVELOPERS (PUNE) LIMITED
 (Formerly Known as Sobha Developers(Pune) Private Limited
 "Sobha", Sarjapur-Marathahalli Outer Ring Road(ORR)
 Devarabisanahalli, Bollandur Post, Bangalore - 560103

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

PARTICULARS	Notes No.	[In Rupees]	
		For the year ended 31-Mar-13	For the Year ended 31-Mar-12
INCOME			
Income from Operations	2.13	1,217,170,088	496,631,320
Other Income	2.14	4,960,398	954,024
Total		1,222,130,486	497,585,344
EXPENSES			
Changes in Inventories of Stock in Trade	2.15	192,386,242	(17,415,662)
Operating Expenses	2.16	613,264,813	374,028,401
Finance Cost	2.17	165,274,784	47,029,032
Other Expenses	2.18	37,676,502	28,537,971
Total		1,008,602,341	432,179,742
Profit before tax		213,528,145	65,405,602
TAX EXPENSES			
Current Tax		57,357,818	14,532,210
Deferred Tax		-	-
Total		57,357,818	14,532,210
Profit after tax		156,170,327	50,873,392
Basic & Diluted Earning per Share (Equity Shares of par value of Rs. 1/- each)		296.72	96.66
No of shares used in computing earning per share		526,320	526,320
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

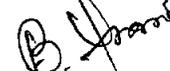


P Gopalkrishnan
 Director



M Radhakrishnan
 Director

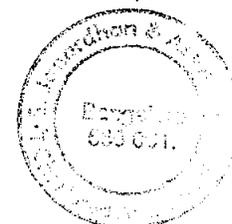
Subject to our Report of even date
For S.Janardhan & Associates
 Chartered Accountants
 Firms' Registration No.005310S



B. Anand
 Partner

Member Ship No.29146

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



SOBHA DEVELOPERS (PUNE) LIMITED
 (Formerly Known as Sobha Developers(Pune) Private Limited
 Cash flow statement for the year ended 31 March 2013

Cash flow from operating activities	31 st March, 2103	31st March, 2012
Profit before tax	213,528,145	65,405,602
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(1,320,950)	-
Interest expense	165,274,784	47,029,032
Interest income	(3,639,448)	(954,024)
Operating profit before working capital changes	373,842,531	111,480,610
Movements in working capital :		
Increase/ (decrease) in trade payables	11,045	8,721
Increase/ (decrease) in other current liabilities	841,454,634	299,071,224
Decrease / (increase) in inventories	192,386,242	(17,415,661)
Decrease / (increase) in other assets	(1,394,291)	(3,028,784)
Decrease / (increase) in loans and advances	(1,940,732,522)	(725,805,930)
Cash generated from / (used in) operations	(534,432,361)	(335,689,820)
Direct taxes paid (net of refunds)	(62,290,205)	(95,403)
Net cash flow from/ (used in) operating activities (A)	(596,722,566)	(335,785,223)
Cash flows from investing activities		
Purchase of non-current investments	(10,000)	-
Investments in bank deposits (having original maturity of more than three months)	(33,256,250)	(14,878,125)
Interest received	363,945	95,403
Net cash flow from/ (used in) investing activities (B)	(32,902,305)	(14,782,722)
Cash flows from financing activities		
Proceeds from short-term borrowings	825,000,000	405,000,000
Interest paid (gross)	(159,345,469)	(44,663,280)
Net cash flow from/ (used in) in financing activities (C)	665,654,531	360,336,720
Net increase/(decrease) in cash and cash equivalents (A + B + C)	36,029,660	9,768,775
Cash and cash equivalents at the beginning of the year	12,297,446	2,528,671
Cash and cash equivalents at the end of the year	48,327,106	12,297,446
Components of cash and cash equivalents:		
Cash on hand	106,797	106,797
Cheques/ drafts on hand		
With banks- on current account	48,220,309	12,190,649
Total cash and cash equivalents (note 2.10)	48,327,106	12,297,446

Note referred above form integral part of the financial statements

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

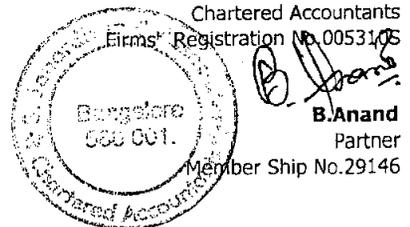


P Gopalkrishnan
 Director



M Radhakrishnan
 Director

Subject to our Report of even date
For S.Janardhan & Associates




B. Anand
 Partner

Date : 08-05-2013
 Place : BANGALORE

SOBHA DEVELOPERS(PUNE) LIMITED, BANGALORE

1. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

1.1 Method of Accounting

The Company follows accrual method of accounting except where receipt of income is uncertain and is in accordance with the Accounting Standards referred to sub-section 3(c) of Section 211 of the Companies Act, 1956.

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:

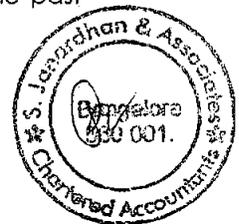
Direct expenses like site labour cost, materials used for project construction, costs for moving the plant and machinery to the site and general expenses incurred specifically for the respective project like insurance, design and technical assistance and construction overheads are taken as the contract 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 VI notified under the Companies Act, 1956 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. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

2.1 SHARE CAPITAL

Particulars	As at 31-Mar-13	As at 31-Mar-12
Authorised:		
Equity Share of Rs. 1/- par value 8,00,000 (8,00,000) Equity Shares	800,000	800,000
Issued, Subscribed and Paid up:		
Equity Share of Rs. 1/- par value 5,26,320(5,26,320) Equity shares fully paid up	526,320	526,320

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 31/03/2013		As at 31/03/2012	
	No. of Shares	% held	No. of Shares	% held
Sobha Developers Limited	526,315	99.98%	526,319	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 31/03/2013		As at 31/03/2012	
	No. of Shares	Amount	No. of Shares	Amount
No. of shares at the beginning	526,320	526,320	526,320	526,320
Add: Shares issued during the year	-	-	-	-
No. of shares at the end	526,320	526,320	526,320	526,320

2.2 RESERVES AND SURPLUS

Particulars	As at 31-Mar-13	As at 31-Mar-12
Share Premium Account		
Opening Balance	883,921,405	883,921,405
Add: Transferred during the current year	-	-
Closing Balance	883,921,405	883,921,405
Surplus/(Deficit) in the Profit and Loss statement		
Opening Balance	44,823,514	(6,049,877)
Add: Profit/(Loss) for the year	156,170,327	50,873,392
Net Surplus/(Deficit)	200,993,841	44,823,515
Total	1,084,915,246	928,744,920

2.3 LONG-TERM BORROWINGS

Particulars	As at 31-Mar-13	As at 31-Mar-12
Term Loan from ICICI Bank Ltd. (Secured - Ref notes no.2.28)	1,480,000,000	555,000,000
Total	1,480,000,000	555,000,000



2.4 TRADE PAYABLES

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Trade Payables - Others	25,281	14,236
Total	25,281	14,236

2.5 OTHER CURRENT LIABILITIES

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Advances received from customers	1,303,886,795	461,913,750
Withholding tax payable	3,933,716	7,410,518
Other liabilities	4,658,711	1,700,319
Interest accrued and not due to bank	9,808,766	3,879,451
Income Tax payable (net)	9,496,993	14,429,380
Total	1,331,784,981	489,333,418

2.6 NON-CURRENT INVESTMENTS

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Investment in Partnership Firm - Sobha City- Capital Account	10,000	-
Investment in Partnership Firm - Sobha City- Current Account	1,320,950	-
Total	1,330,950	-

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

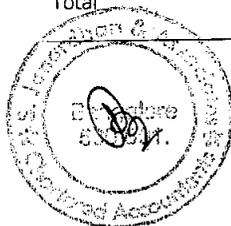
Particulars	As at	As at
	March 31, 2013	March 31, 2012
Deposits with statutory agencies	5,000	5,000
Total	5,000	5,000

2.8 OTHER NON CURRENT ASSETS

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Interest receivable from a bank on the deposits with maturity period of more than twelve months	4,200,958	925,455
Unamortized Expenses	1,649	3,298
Non-current bank balances - Ref note 2.10	56,259,375	23,003,125
Total	60,461,982	23,931,878

2.9 INVENTORIES

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Work-in-Progress	280,511,958	309,006,398
Land Stock	745,627,891	909,519,693
Total	1,026,139,849	1,218,526,091



2.10 CASH AND BANK BALANCES

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Cash on hand	106,797	106,797
Balances with Banks on current and escrow accounts	48,220,309	12,190,649
Total	48,327,106	12,297,446
Deposit with banks with maturity of more than 12 months	56,259,375	23,003,125
Total	56,259,375	23,003,125
Less: amount shown under other non-current assets - Ref note 2.8	56,259,375	23,003,125
Total	-	-
Net Total	48,327,106	12,297,446

2.11 SHORT TERM LOANS AND ADVANCES

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Advance paid for land - Holding Company	1,850,000,000	-
Advances paid to Holding Company, for supply of goods and rendering of services	644,956,926	728,837,268
Advance paid - Other related party	-	-
Balances with statutory/government authorities	261,603,642	86,989,028
Other advances	-	1,750
Total	2,756,560,568	815,828,046

2.12 OTHER CURRENT ASSETS

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Unbilled Revenue	4,426,373	3,030,433
Total	4,426,373	3,030,433



2.13 INCOME FROM OPERATION

Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Income from Development and construction operations	1,215,070,088	496,231,320
Other Operational Income	2,100,000	400,000
Total	1,217,170,088	496,631,320

2.14 OTHER INCOME

Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Interest received on Deposits with Banks	3,639,448	954,024
Share of Profit from Partnership Firm - Sobha city	1,320,950	
Total	4,960,398	954,024

2.15 CHANGES IN INVENTORIES OF STOCK IN TRADE

Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Opening Stock		
Work-in-Progress	309,006,398	221,110,430
Land Stock	909,519,693	980,000,000
	1,218,526,091	1,201,110,430
Less: Closing Stock		
Work-in-Progress	280,511,958	309,006,399
Land Stock	745,627,891	909,519,693
	1,026,139,849	1,218,526,092
Changes in Inventories of Stock in Trade	192,386,242	(17,415,662)

2.16 OPERATING EXPENSES

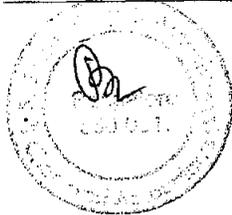
Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Subcontracting expenses	613,264,813	374,028,401
Total	613,264,813	374,028,401

2.17 FINANCE COST

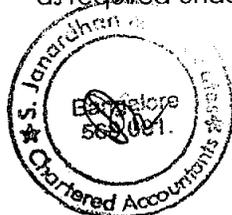
Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Bank Charges	56,304	3,830
Interest	165,218,480	47,025,202
Total	165,274,784	47,029,032

2.18 OTHER EXPENSES

Particulars	for the year ended March 31, 2013	for the year ended March 31, 2012
Rates & Taxes	4,413	26,416
Donation	2,700,000	-
Professional and Consultancy Expenses	196,500	88,250
Sales Commission	34,748,940	28,411,397
Miscellaneous Expenses	1,649	1,908
Auditors' Remuneration -Statutory Audit	25,000	10,000
Total	37,676,502	28,537,971



- 2.19 Fixed Assets: The Company has no fixed assets during the accounting period.
- 2.20 The statements have been prepared for the accounting period April 1, 2012 to March 31, 2013.
- 2.21 Balances due with Group Companies are subject to reconciliation.
- 2.22 The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.
- 2.23 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, 2013 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.
- 2.24 Preliminary expenses will be written off over a period of 5 years after the company commences its business.
- 2.25 There is no expenditure or earnings in Foreign exchange during the period.
- 2.26 **Deferred Tax:**
Deferred tax has not been recognized in the books of accounts as a matter of prudence.
- 2.27 There are no contingent liabilities during the accounting period, except for the 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.
- 2.28 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 eighteen monthly installments 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.
- 2.29 Audit fees paid is as under:
- | | (In Rupees) | |
|-----------------|-------------|------------|
| | 31.03.2013 | 31.03.2012 |
| Statutory Audit | 25,000 | 10,000 |
| Service Tax | 3,090 | 1,236 |
- 2.30 The Company is not a manufacturing Concern and hence the information as required to be given under para 4(c) and 4(d) of Part II of Schedule VI are not applicable.
- 2.31 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.



- 2.32 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.
- 2.33 Interest amounting to Rs 16,52,18,480/- has been included in the project cost.
- 2.34 The provision of Gratuity and other related acts are not applicable and hence no such provisions are made.
- 2.35 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.
- 2.36 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:

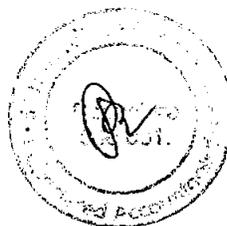
Particulars	March 31, 2013	March 31, 2012
Contract Revenue recognized as revenue in the period	881,001,852	352,970,234
Contract Cost incurred and recognized Profits (less recognized Losses) upto the reporting date	1190,151,525	576,886,712
Advances received	2,012,836,386	382,639,296
Gross amount due from customers for contract work	4,426,372	3,030,433

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	31.03.2013 Rs.	31.03.2012 Rs.
Amount used as the numerator Net Profit attributable to the ordinary Shareholders for Basic Earnings per Share	156,170,327	50,873,392
No of Ordinary Shares used as denominator Weighted average number of ordinary shares in issue applicable to Basic earnings per Share	526,320	526,320

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



Kuthavakkam Developers Private Limited
Kuthavakkam Properties Private Limited
Kuthavakkam Realtors Private Limited
Lotus Manpower Consultants Services Private Limited
Mamballi Builders Private Limited
Mannur Builders Private Limited
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Mapedu Builders Private Limited
Mapedu Real Estates Private Limited
Mapedu Realtors Private Limited
Marina Realtors Private Limited
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
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 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 Inncity Technopolis Private Limited
Sobha Interiors Private Limited
Sobha Jewellery Private Limited
Sobha Mapletree Developers Private Limited
Sobha Projects And Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Parvathy Land Developers Private Limited
Sunbeam Projects Private Limited
Technobuild Developers Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Thiruchour Builders Private Limited
Thiruchour Developers Private Limited
Tirur Cyber Real Estates Private Limited
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
Sri Kurumba Trust
Sobha City
Lotus Manpower Services
PNC Switchgears Private Limited

Holding Company

Sobha Developers Limited



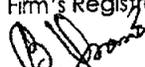
b) Transactions with Related Parties

(In Rs.)

Nature of transaction	Description of relationship	Name of the Related party	March 31, 2013	March 31, 2012
Purchase of goods and services	Other Related Parties	Sobha Developers Limited	64,80,13,753	40,21,56,215
Balance Receivable	Other Related Parties	Sobha Developers Ltd	2,494,956,926	728,837,268
Donation	Other Related Parties	Sri Kurumba Trust	2,700,000	--
Securities given	Other Related Parties	Sobha Puravankara Aviation Private Limited	Offering of receivables as a security for the loan availed	

Signature to significant accounting policies and Notes to accounts

As per report of even date
For S Janardhan & Associates
 Chartered Accountants
 Firm's Registration No.005310S



B. Anand
 Partner
 Membership No.29146

for and on behalf of the Board
Sobha Developers (Pune) Limited



M. Radhakrishnan Director
P. Gopalkrishnan Director

Place: Bangalore
 Date: 08-05-2013

