S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Highrise Ventures Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Sobha Highrise Ventures Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 to the Ind AS financial statements;

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
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: May 15, 2019

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), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) 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, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. 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, service tax, sales-tax, goods and service tax, duty of custom, duty of excise, 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.

(c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

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Bengaluru

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company has not paid any managerial remuneration during the year and hence reporting under clause 3(xi) of the Order are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

S.R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: May 15, 2019

Annexure 2 to the Independent Auditor's report of even date on the Ind AS financial statements of Sobha Highrise Ventures Private Limted

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

To the Members of Sobha Highrise Ventures Private Limited

We have audited the internal financial controls over financial reporting of Sobha Highrise Ventures Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these financial statements.

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Bengaluru

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: May 15, 2019

Sobha Highrise Ventures Private Limited
Balance sheet as at March 31, 2019

	Notes	As at 31-Mar-19 ₹ million	As at 31-Mar-18 ₹ million
Assets			
Non- current assets			
Intangible assets	4	2.05	-
Financial assets			
Investment	5	0.10	0.10
Loans	7	212.01	149.03
Other non-current financials assets	6	0.02	0.02
Other non-current assets	8	-	298.00
Current tax assets (net)		15.69	9.70
Deferred tax asset (net)	11	3.81	-
		233.68	**456.85**
Current assets			
Inventories	9	615.22	146.82
Financial assets			
Investment	4	-	0.14
Trade receivables	10	6.82	54.60
Cash and cash equivalents	12	11.61	193.82
Other current assets	8	9.78	1.38
		643.43	**396.76**
Total assets		**877.11**	**853.61**
Equity and liabilities			
Equity			
Equity share capital	13	129.00	129.00
Other equity	14	542.95	545.24
Total equity		671.95	674.24

Bengaluru

S. R. Batliboi & Associates LLP

Sobha Highrise Ventures Pvt. Ltd.

Sobha Highrise Ventures Private Limited
Balance sheet as at March 31, 2019

	Notes	As at 31-Mar-19 ₹ million	As at 31-Mar-18 ₹ million
Current liabilities			
Financial liabilities			
Trade payables	15	13.10	1.31
Other current financial liabilities	16	106.51	104.00
Other current liabilities	17	46.14	35.69
Provisions	18	39.41	38.37
		205.16	**179.37**
Total equity and liabilities		**877.11**	**853.61**
Summary of significant accounting policies	2		

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/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru, India
Date: May 15, 2019

For and on behalf of the Board of Directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Rajnesh Gautam
Company Secretary

Sobha Highrise Ventures Pvt. Ltd

Place: Bengaluru, India
Date: May 15, 2019

Sobha Highrise Ventures Private Limited
Statement of profit and loss for the year ended March 31, 2019

	Notes	31-Mar-19 ₹ million	31-Mar-18 ₹ million
Revenue from operations	20	370.50	748.22
Other income	21	0.02	-
Finance income	22	23.32	13.65
Total income		**393.84**	**761.87**
Expenses			
Land and related expenses		536.63	-
Subcontractor and other charges		-	6.99
Purchase of trading goods		10.31	-
(Increase)/ decrease in inventories of stock in trade - flats and work-in-progress	23	(265.33)	510.02
Other expenses	24	47.02	110.90
Finance cost	26	0.52	4.87
Total expenses		**329.15**	**632.78**
Profit before tax		**64.69**	**129.09**
Tax expenses			
Current tax	19	5.54	44.82
Deferred tax charge/ (credit)	19	18.99	-
Income tax expense		**24.53**	**44.82**
Profit for the year		**40.16**	**84.27**
Other comprehensive income ('OCI')		-	-
Total comprehensive income for the year		**40.16**	**84.27**
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]	28		
Basic			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		20.08	42.14
Class D equity shares		20.08	42.14
Diluted			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		1.97	4.13
Class D equity shares		1.97	4.13
Summary of significant accounting policies	2		

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/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru, India
Date: May 15, 2019

For and on behalf of the Board of Directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Rajnesh Gautam
Company Secretary

Place: Bengaluru, India
Date: May 15, 2019

Sobha Highrise Ventures Pvt. Ltd.

Sobha Highrise Ventures Private Limited
Statement of Cash Flows for the year ended March 31, 2019

	Notes	31-Mar-19 ₹ million	31-Mar-18 ₹ million
Operating activities			
Profit before tax		64.69	129.09
Adjustments to reconcile profit before tax to net cash flows:			
Gain/ (loss) on disposal of investments		(5.02)	(5.25)
Finance income		(18.30)	(8.40)
Finance costs		0.49	4.82
Working capital adjustments:			
(Increase)/ decrease in trade receivables		47.78	119.70
(Increase)/ decrease in inventories [net of adjustment pertaining to transition to Ind AS 115 (refer note 34)]		(265.33)	510.02
(Increase)/ decrease in other financial assets		(8.40)	72.27
(Increase)/ decrease in other assets		298.00	(298.00)
Increase/ (decrease) in trade payables and other financial liabilities		14.30	17.76
Increase/ (decrease) in provisions		1.04	6.98
Increase/ (decrease) in other non-financial liabilities [net of adjustment pertaining to transition to Ind AS 115 (refer note 34)]		(257.88)	(6.63)
		(128.63)	542.36
Income tax paid (net of refund)		(11.52)	(77.64)
Net cash flows from/ (used in) operating activities (A)		**(140.15)**	**464.72**
Investing activities			
Purchase of current investments		(1,265.29)	(1,227.09)
Proceeds from sale of current investments		1,265.43	1,226.95
Purchase of intangible assets		(2.05)	-
Purchase of Non Current Investment		-	(0.10)
Loans given		(62.98)	(149.03)
Interest on loans given		18.30	8.40
Dividend income received		5.02	5.25
Net cash flows from/ (used in) investing activities (B)		**(41.57)**	**(135.62)**
Financing activities			
Proceeds from short-term borrowings		87.00	-
Repayment of short-term borrowings		(87.00)	(400.00)
Interest paid		(0.49)	(7.75)
Net cash flows from/ (used in) financing activities (C)		**(0.49)**	**(407.75)**
Net increase/ (decrease) in cash and cash equivalents		(182.21)	(78.65)
Cash and cash equivalents at the beginning of the year	12	193.82	272.47
Cash and cash equivalents at the end of the year	12	**11.61**	**193.82**
Summary of significant accounting policies	2		

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru, India
Date: May 15, 2019

For and on behalf of the Board of Directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Rajnesh Gautam
Company Secretary

Sobha Highrise Ventures Pvt. Ltd.

Place: Bengaluru, India
Date: May 15, 2019

Statement of changes in equity for the year ended March 31, 2019

a. Equity share capital

	No of Shares	Amount in ₹ million
Class A Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2018	199,999	2.00
At March 31, 2019	**199,999**	**2.00**
Class B Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2018	1	0.00
At March 31, 2019	**1**	**0.00**
Class C Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2018	10,200,000	102.00
At March 31, 2019	**10,200,000**	**102.00**
Class D Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2018	2,500,000	25.00
At March 31, 2019	**2,500,000**	**25.00**
	12,900,000	**129.00**

b. Other equity

For the year ended March 31, 2019

₹ million

	Attributable to the equity holders of the Company		Total
	Equity portion of Compulsorily Convertible Preference shares (Note 13)	Reserves and Surplus	
		Retained earnings (Note 14)	
As at April 1, 2018	77.00	468.24	545.24
Impact on account of transition to Ind AS 115 (refer note 34)	-	(42.45)	(42.45)
Profit for the year	-	40.16	40.16
At March 31, 2019	**77.00**	**465.95**	**542.95**

S.R. Batliboi & Associates LLP Bengaluru

Sobha Highrise Ventures Pvt. Ltd.

Sobha Highrise Ventures Private Limited
Statement of changes in equity for the year ended March 31, 2019

For the year ended March 31, 2018

₹ million

	Attributable to the equity holders of the Company		
	Equity portion of Compulsorily Convertible Preference shares (Note 13)	Reserves and Surplus	Total
		Retained earnings (Note 14)	
As at April 1, 2017	77.00	383.97	460.97
Profit for the year	-	84.27	84.27
At March 31, 2018	**77.00**	**468.24**	**545.24**

Summary of significant accounting policies 2

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru, India
Date: May 15, 2019

For and on behalf of the Board of Directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Rajnesh Gautam
Company Secretary

Place: Bengaluru, India
Date: May 15, 2019

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2019

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 registered office is located at Bangalore.
The Company had executed an investment agreement with Sobha 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, which got completed during the year ended March 31, 2017. Further, during the year ended March 31, 2017, the Company became wholly owned subsidiary of Sobha Limited. The Company is evaluating other real estate business opportunities and accordingly the management has prepared these accounts on a going concern basis.

The financial statements are approved for issue by the Company's Board of Directors on May 15, 2019.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:
► Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in INR and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. Specifically, the Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standards are described below.

Ind AS 115 Revenue from Contracts with Customers
On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Guidance Note on Accounting for Real Estate Transactions (Ind AS) issued by the Institute of Chartered Accountants of India, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The application of Ind AS 115 has impacted the Company's accounting for recognition of revenue from real estate projects.

The Company has applied the modified retrospective method to all contracts as of 1 April 2018 and has given impact of Ind AS 115 application by debit to retained earnings as at the said date. Accordingly the comparatives have not been restated and hence not comparable with previous year figures.

The Company has adopted Ind AS 115 using the modified retrospective method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively to all contracts as at the date of initial application and the comparative information in the statement of profit and loss is not restated. The effect of adopting Ind AS 115 as at 1 April 2018 is described in Note 34.

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2.3 Summary of significant accounting policies

a) Revenue recognition

i. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, credits, concessions and incentives, if any, as specified in the contract with the customer. The Company presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

I) Recognition of revenue from real estate developments

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with either of the two conditions as stated below -
a) on transfer of legal title of the residential or commercial unit to the customer; or
b) on transfer of physical procession of the residential or commercial unit to the customer and collection of complete transaction price by the Company from customer.

Sale of residential units consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Company as a single performance obligation, as they are highly interrelated with each other.

II) Contract balances

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised as a contract liability and presented in the Balance Sheet under "Other current liabilities".

III) Contract cost assets

The Company pays sales commission for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract. These costs are amortised on a systematic basis that is consistent with the transfer of the property to the customer. Capitalised costs to obtain such contracts are presented separately as a current asset in the Balance Sheet.

ii. Recognition of revenue from trading division

Revenue from sale of traded goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

iii. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

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iv. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method. Interest on delayed payment by customers are accounted when reasonable certainty of collection is established.

b) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

c) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when.
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Company generally run over a period ranging upto 3 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 3 years. Borrowings in connection with such projects are classified as short-term (i.e current) since they are payable over the term of the respective projects.
Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the Balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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e) Fair value measurement

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.
Fair value hierarchy:
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
Debt instruments at amortised cost
Debt instruments at fair value through other comprehensive income (FVTOCI)
Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

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Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Equity investments in subsidiaries

The Company has availed the option available in Ind AS 27 to carry its investment in subsidiaries at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

► The rights to receive cash flows from the asset have expired, or

► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is due within 12 months after reporting period. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

h) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

j) 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.

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k) 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.

l) Taxes

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:
> In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act. MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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m) Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

n) Inventories

Related to real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

i. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

ii. Finished goods - Flats: Valued at lower of cost and net realisable value.

Net realisable 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. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Related to Trading activity

Traded goods are valued at lower of cost and net realisable value. Cost includes direct cost and taxes.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Land

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, and whereupon it is transferred to land stock under inventories.

o) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

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3 Significant accounting estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition

-Determination of performance obligations and timing of revenue recognition on revenue from real estate development (Refer note 2.2).
-Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates (Refer note 2.2).

ii) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV).
NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

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4 Intangible assets

₹ million

	Intangible assets under development	Total
Cost		
At 1 April 2017	-	-
Purchase	-	-
At 31 March 2018	-	-
Purchase	2.05	2.05
At 31 March 2019	**2.05**	**2.05**
Amortization		
At 1 April 2017	-	-
Charge for the year	-	-
At 31 March 2018	-	-
Charge for the year	-	-
At 31 March 2019	-	-
Net Carrying amount		
As at 31st March 2017	-	-
As at 31st March 2018	-	-
As at 31st March 2019	**2.05**	**2.05**

5 Investments

₹ million

	Current		Non-current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Carried at cost				
Unquoted equity shares				
Investment in subsidiaries				
10,000 (Previous year: 10,000) equity shares of ₹10 each fully paid-up in Sobha Contracting Private Limited	-	-	0.10	0.10
Carried at fair value through profit and loss				
Unquoted				
Investment in Mutual funds				
Nil units (Previous year: 139.622 units) of Axis Liquid Fund - Daily Dividend of ₹1000.9562 each	-	0.14	-	-
	-	**0.14**	**0.10**	**0.10**

6 Other financial assets

₹ million

	Current		Non-current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Security deposit				
Unsecured, considered good				
Security deposit - Others	-	-	0.02	0.02
	-	-	**0.02**	**0.02**

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7 Loans

₹ million

	Current		Non-current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Loans unsecured considered good				
Loans to related party (refer note 27)	-	-	212.01	149.03
	-	**-**	**212.01**	**149.03**

8 Other assets

₹ million

	Current		Non-current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Advances recoverable in cash or kind				
Unsecured considered good	3.17	0.10	-	-
Land advance *				
Unsecured considered good	-	-	-	298.00
Others				
Prepaid expenses	0.02	0.15	-	-
Balances with statutory/ government authorities	6.59	1.13	-	-
	9.78	**1.38**	**-**	**298.00**

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances.

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

₹ million

	31-Mar-19	31-Mar-18
Land Stock	540.94	-
Stock in trade - flats	64.22	146.82
Traded goods	10.06	-
	615.22	**146.82**

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10 Trade receivables

₹ million

	Current		Non-current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Trade receivables	6.53	54.60	-	-
Trade receivables from related party (refer note 27)	0.29	-	-	-
Total Trade receivables	**6.82**	**54.60**	**-**	**-**
Break up of security details:				
Unsecured, considered good	6.82	54.60	-	-
Doubtful	-	-	-	-
	6.82	54.60	-	-
Total Trade receivables	**6.82**	**54.60**	**-**	**-**

11 Deferred tax asset(net)

₹ million

	31-Mar-19	31-Mar-18
Deferred tax asset		
Impact on difference between tax revenue and books revenue	3.81	-
Gross deferred tax asset	**3.81**	**-**
Net deferred tax asset	**3.81**	**-**

12 Cash and cash equivalent

₹ million

	31-Mar-19	31-Mar-18
Balances with banks:		
– On current accounts	11.53	186.41
Cash on hand	0.08	0.01
Cheques in hand	-	7.40
	11.61	193.82

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

₹ million

	31-Mar-19	31-Mar-18
Balances with banks:		
On current accounts	11.53	186.41
Cash on hand	0.08	0.01
Cheques in hand	-	7.40
	11.61	193.82

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Break up of financial assets carried at amortised cost

	31-Mar-19	31-Mar-18
		₹ million
Other financial assets (refer note 6)	0.02	0.02
Loans (refer note 7)	212.01	149.03
Trade receivables (refer note 10)	6.82	54.60
Cash and Cash equivalents (refer note 12)	11.61	193.82
Total financial assets carried at amortised cost	230.46	397.47

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Sobha Highrise Ventures Pvt. Ltd.

13 Share Capital

	31-Mar-19	31-Mar-18
	₹ million	₹ million
Authorised Share Capital		
199,999 (Previous year: 199,999) Class A equity shares of ₹10 each	2.00	2.00
1 (Previous year: 1) Class B equity shares of ₹10 each	0.00	0.00
10,200,000 (Previous year: 10,200,000) Class C equity shares of ₹10 each	102.00	102.00
2,500,000 (Previous year: 2,500,000) Class D equity shares of ₹10 each	25.00	25.00
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference shares of ₹10 each	77.00	77.00
	206.00	**206.00**
Equity Share Capital		
Issued, subscribed and fully paid-up shares		
199,999 (Previous year: 199,999) Class A equity shares of ₹10 each	2.00	2.00
1 (Previous year: 1) Class B equity shares of ₹10 each	0.00	0.00
10,200,000 (Previous year: 10,200,000) Class C equity shares of ₹10 each	102.00	102.00
2,500,000 (Previous year: 2,500,000) Class D equity shares of ₹10 each	25.00	25.00
Total issued, subscribed and fully paid-up share capital	**129.00**	**129.00**
Equity component of Compulsorily Convertible Preference shares		
Issued, subscribed and fully paid-up shares		
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference shares of ₹10 each	77.00	77.00
Total issued, subscribed and fully paid-up share capital	**77.00**	**77.00**

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

	31-Mar-19		31-Mar-18	
	No of Shares	₹ million	No of Shares	₹ million
Equity shares				
Class A equity shares				
At the beginning of the year	199,999	2.00	199,999	2.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	199,999	2.00	199,999	2.00
Class B equity shares				
At the beginning of the year	1	0.00	1	0.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	1	0.00	1	0.00
Class C equity shares				
At the beginning of the year	10,200,000	102.00	10,200,000	102.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	10,200,000	102.00	10,200,000	102.00
Class D equity shares				
At the beginning of the year	2,500,000	25.00	2,500,000	25.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,500,000	25.00	2,500,000	25.00

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	31-Mar-19		31-Mar-18	
	No of Shares	₹ million	No of Shares	₹ million
Preference shares				
Compulsorily Convertible Preference shares				
At the beginning of the year	7,700,000	77.00	7,700,000	77.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	7,700,000	77.00	7,700,000	77.00

(b) Terms/ rights attached to equity shares

The Company has 4 classes of equity shares having a par value of ₹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.

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 ₹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 shares 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 ₹ 10 each.

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(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:

₹ million

Name of shareholder	31-Mar-19	31-Mar-18
Sobha Limited, the Holding Company		
199,999 (Previous year: 199,999) Class A equity shares of ₹10 each	2.00	2.00
1 (Previous year: 1) Class B equity shares of ₹10 each	0.00	0.00
10,200,000 (Previous year: 10,200,000) Class C equity shares of ₹10 each	102.00	102.00
2,500,000 (Previous year: 2,500,000) Class D equity shares of ₹10 each	25.00	25.00
7,700,000 (Previous year: 7,700,000) Compulsorily Convertible Preference Shares of ₹10 each	77.00	77.00
	206.00	**206.00**

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

	31-Mar-19		31-Mar-18	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Class A equity shares				
Sobha Limited	199,999	100%	199,999	100%
Class B equity shares				
Sobha Limited	1	100%	1	100%
Class C equity shares				
Sobha Limited	10,200,000	100%	10,200,000	100%
Class D equity shares				
Sobha Limited	2,500,000	100%	2,500,000	100%
Compulsorily Convertible Preference Shares				
Sobha Limited	7,700,000	100%	7,700,000	100%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of Compulsorily Convertible Preference shares, please refer note 13 (c) regarding terms of conversion of preference shares.

14 Other equity

	31-Mar-19	31-Mar-18
		₹ million
Equity portion of Compulsorily Convertible Preference share		
Balance at the beginning of the year	77.00	77.00
Closing balance	**77.00**	**77.00**
Retained earnings		
Surplus in the statement of profit and loss		
Balance at the beginning of the year	468.24	383.97
Profit for the year	40.16	84.27
Impact on account of transition to Ind AS 115 (refer note 34)	(42.45)	-
Other comprehensive income	-	-
Net surplus in the statement of profit and loss	**465.95**	**468.24**
Total other equity	**542.95**	**545.24**

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15 Trade payables

	31-Mar-19	31-Mar-18
		₹ million
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 30)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	7.00	1.31
-Total outstanding dues of creditors other than micro enterprises and small enterprises- related party (refer note 27)	6.10	-
	13.10	**1.31**

Terms and conditions of the above financial liabilities:
-Trade payables are non-interest bearing and are normally settled on 60-day terms
-For explanations on the Company's credit risk management processes, refer to note 31.

16 Other financial liabilities

	31-Mar-19	31-Mar-18
		₹ million
Current		
Others		
Non-trade payable	1.51	2.00
Security deposit towards maintenance services	105.00	102.00
Total current other financial liabilities	**106.51**	**104.00**
Total other financial liabilities	**106.51**	**104.00**

Breakup of financial liabilities carried at amortised cost

	31-Mar-19	31-Mar-18
		₹ million
Trade payables (refer note 15)	13.10	1.31
Other payables (refer note 16)	106.51	104.00
Total financial liabilities carried at amortised cost	**119.61**	**105.31**

17 Other liabilities

	31-Mar-19	31-Mar-18
		₹ million
Contract liabilities		
Advance from customers	45.77	35.66
Withholding taxes payable	0.33	0.03
Other Liabilities	0.04	-
	46.14	**35.69**

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18 Provisions

		₹ million
	31-Mar-19	31-Mar-18
Other provisions		
Estimated project costs to be incurred for the completed project	39.41	38.37
	39.41	38.37

The Company had provided for expected cost for completed project, based on technical evaluation and management's best estimate of meeting such obligation.

19 Income tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss:
Profit or loss section

		₹ million
	31-Mar-19	31-Mar-18
Current income tax:		
Current income tax charge	5.54	44.82
Deferred tax charge	18.99	-
Income tax expense reported in the statement of profit or loss	24.53	44.82

OCI section
There are no items recognised in OCI during the year ended March 31, 2019 and March 31, 2018.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

		₹ million
	31-Mar-19	31-Mar-18
Accounting profit before income tax	64.69	129.09
At India's statutory income tax rate of 27.82% (Previous year: 34.608%)	18.00	44.68
Exempt income for tax purposes	(1.40)	(1.82)
Restatement due to change in tax rate	4.64	
Non-deductible expenses for tax purposes:		
Ineligible interest expense	-	0.16
Section 14A disallowance	0.96	0.24
Donation for charitable basis	2.32	1.56
At the effective income tax rate of 37.92% (Previous year: 34.72%)	24.53	44.83
	24.53	44.82

Deferred tax
For the year ended March 31, 2018 there is no deferred tax liability/ asset since there were no taxable temporary differences.

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20 Revenue from operations

	31-Mar-19	31-Mar-18
		₹ million
Revenue from contracts with customers		
Sale of products/ finished goods		
Income from property development	369.76	748.22
Income from sale of traded goods	0.74	-
Total	**370.50**	**748.22**

21 Other income

	31-Mar-19	31-Mar-18
		₹ million
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	0.02	-
	0.02	**-**

22 Finance income

	31-Mar-19	31-Mar-18
		₹ million
Interest income on		
Income tax refund	-	1.47
Others	18.30	6.93
Dividend income on		
Current investments	5.02	5.25
	23.32	**13.65**

23 (Increase)/ decrease in inventories

	31-Mar-19	31-Mar-18	(Increase) / decrease
			₹ million
Inventories at the end of the year			31-Mar-19
Land Stock	540.94	-	(540.94)
Stock in trade - flats	64.22	146.82	82.60
Traded goods	10.06	-	(10.06)
	615.22	146.82	(468.40)
Inventories at the beginning of the year			31-Mar-18
Stock in trade - flats	146.82	656.84	510.02
	146.82	656.84	510.02
Add: Impact on inventory on account of transition to Ind AS 115 (refer note 34)	203.07	-	
(Increase)/ decrease	**(265.33)**	**510.02**	

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24 Other expenses

₹ million

	31-Mar-19	31-Mar-18
Rates and taxes	0.21	32.13
Insurance	0.15	-
Advertising and sales promotion	0.31	10.42
Donation (refer note 25)	9.40	9.00
Legal and professional fees (refer details below)	4.20	56.77
Project Maintenance expenses	25.72	2.54
Brokerage and Commission	4.30	-
Miscellaneous expenses	2.73	0.04
	47.02	**110.90**

Legal and professional fees include the following amounts paid/ payable to auditors*

₹ million

	31-Mar-19	31-Mar-18
As auditor:		
Audit fee [including for Limited review ₹ 0.30 million (Previous year - ₹ 0.30 million)]	0.60	0.60
Reimbursement of expenses	0.02	0.02
	0.62	**0.62**

* Net of service tax/ GST

25 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 2.53 million (Previous year: ₹ 2.76 million)

Amount spent during the year ending on March 31, 2019:	In cash	Yet to be paid in cash
Construction/acquisition of any asset	-	-
On purposes other than above	9.40	-
	9.40	-

Amount spent during the year ending on March 31, 2018:	In cash	Yet to be paid in cash
Construction/acquisition of any asset	-	-
On purposes other than above	9.00	-
	9.00	-

26 Finance costs

₹ million

	31-Mar-19	31-Mar-18
Interest		
- On term loans	0.49	3.99
- Others	-	0.83
Bank charges	0.03	0.05
Total finance costs	**0.52**	**4.87**

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Sobha Highrise Ventures Pvt. Ltd.

27 Related party transactions

27.1 List of related parties

Party where control exists:
Sobha Limited - Holding Company

Subsidiaries:
Sobha Contracting Private Limited (from October 21, 2017)

Key management personnel ('KMP')
Mr. J.C. Sharma
Mr. Ravi Menon

Other Related parties with whom transactions have taken place during the year:
Sri Kurumba Trust
Technobuild Developers Private Limited

27.2 Transactions with related parties

₹ million

Particulars	31-Mar-19	31-Mar-18
I. Transaction with Holding Company		
Unsecured Loan received		
Sobha Limited	87.00	-
Unsecured Loan repaid		
Sobha Limited	87.00	-
Interest on unsecured loan		
Sobha Limited	0.49	-
Advertising and sales promotion expenses cross charged		
Sobha Limited	-	10.42
Management consultancy charges		
Sobha Limited	1.69	55.69
Purchase of trading goods		
Sobha Limited	10.30	-
Sale of trading goods		
Sobha Limited	0.24	-
Advance refunded towards purchase of goods or services		
Sobha Limited	-	51.00
II. Transaction with Subsidiary Company		
Loan given		
Sobha Contracting Private Limited	62.98	149.03
Interest on loan		
Sobha Contracting Private Limited	18.30	6.93
III. Transaction with other related parties		
Land Advance		
Technobuild Developers Private Limited	-	298.00

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₹ million

Particulars	31-Mar-19	31-Mar-18
Land Advance received		
Technobuild Developers Private Limited	298.00	-
Donation		
Sri Kurumba Trust	9.40	9.00

27.3 Details of balances receivable from and payable to related parties are as follows:

₹ million

Particulars	31-Mar-19	31-Mar-18
I. Balances receivable from and payable to Holding Company		
Trade payable		
Sobha Limited	6.10	-
Trade receivable		
Sobha Limited	0.29	-
II. Balances receivable from and payable to Subsidiary Company		
Loan Given		
Sobha Contracting Private Limited	212.01	149.03
III. Balances receivable from and payable to other related parties		
Land Advance		
Technobuild Developers Private Limited	-	298.00

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Sobha Highrise Ventures Pvt. Ltd.

28 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-19	31-Mar-18
Profit after tax attributable to shareholders (Amount in ₹ million)	40.16	84.27
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic EPS		
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
Profit / (loss) after taxation considered for the calculation earnings per share (₹)		
Basic		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	20.08	42.14
Class D equity shares	20.08	42.14
Earnings Per Share (₹)		
Basic		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	1.97	4.13
Class D equity shares	8.03	16.85
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating Diluted EPS		
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	10,200,000
Profit / (loss) after taxation considered for the calculation earnings per share (₹)		
Diluted		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	20.08	42.14
Class D equity shares	20.08	42.14
Earnings Per Share (₹)		
Diluted		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	1.97	4.13
Class D equity shares	1.97	4.13

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Sobha Highrise Ventures Pvt. Ltd.

29 Commitments and contingencies

Contingent liabilities (to the extent not provided for)

₹ million

Particulars	**31-Mar-19**	**31-Mar-18**
Claims against the Company not acknowledged as debts *	8.28	8.28
	8.28	**8.28**

* The claims against the Company comprise:

₹ 2.59 million (Previous year: ₹ 2.59 million) in respect of ground rent charges levied on the Company by Bruhat Bengaluru Mahanagara Palike (BBMP). The Company has contested against the charges with Honourable High court of Karnataka and obtained a stay order for the same. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

₹ 5.69 million (Previous year: ₹ 5.69 million) levied on the Company by BBMP towards betterment charges. The Company has contested against the charges with Honourable High court of Karnataka and obtained a stay order for the same. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

30 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" as at March 31, 2019.

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Sobha Highrise Ventures Pvt. Ltd.

31 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations to support its operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following section relate to the position as at March 31, 2019 and March 31, 2018.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and investing activities (short term bank deposits).

Trade receivables

Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

Receivables resulting from sale of traded goods: The Company has a policy of selling the traded goods in cash for sales made to thrid party and on credit only to its Group companies. The Company's credit period generally ranges from 30-60 days. Therefore, substantially climiating the Company's credit risk in this respect.

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Financial instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at March 31.2019 and March 31.2018 is the carrying amounts.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

C Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2019						
Other financial liabilities	106.51	-	-	-	-	106.51
Trade and other payables	13.10	-	-	-	-	13.10
	119.61	-	-	-	-	119.61
Year ended March 31, 2018						
Other financial liabilities	104.00	-	-	-	-	104.00
Trade and other payables	1.31	-	-	-	-	1.31
	105.31	-	-	-	-	105.31

32 Capital management

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value. The Company is predominantly equity financed. There are no borrowings outstanding as at March 31, 2019. Further, the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the operational liabilities.

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Sobha Highrise Ventures Pvt. Ltd.

33 Fair value measurements

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

₹ million

Particulars	As at March 31, 2019			As at March 31, 2018		
	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost
Financial assets						
Investment	0.10	-	-	0.10	0.14	-
Other non- current financials assets	-	-	0.02	-	-	0.02
Loans	-	-	212.01	-	-	149.03
Trade receivables	-	-	6.82	-	-	54.60
Cash and cash equivalents	-	-	11.61	-	-	193.82
Other current financials assets	-	-	-	-	-	-
Total	**0.10**	-	**230.46**	**0.10**	**0.14**	**397.47**
Financial liabilities						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	13.10	-	-	1.31
Other financial liabilities	-	-	106.51	-	-	104.00
Total	-	-	**119.61**	-	-	**105.31**

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

₹ million

Particulars	As at March 31, 2019				As at March 31, 2018			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	0.14	0.14	-	-
	-	-	-	-	**0.14**	**0.14**	-	-

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or
Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as trade receivables, loans and advances, other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets & liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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34 The Company has applied the modified retrospective approach to all contracts as of April 1, 2018 and has given impact of application of Ind AS 115 to retained earnings amounting to ` 42.45 million as at the said date. Accordingly the comparatives have not been restated and hence, the current year figures are not comparable to the previous year figures for the below mentioned accounts:

On account of adoption of Ind AS 115, the following accounts have an impact on their opening balance as at April 1, 2018

Particulars	**in ` million**
I. Surplus in the statement of profit and loss	
As at March 31, 2018	468.24
Revenue on account of adoption of Ind AS 115	(268.33)
Cost on account of adoption of Ind AS 115	203.08
Deferred tax asset recognised on loss made on account of Ind AS 115	22.80
As at April 1, 2018 (refer Note B below)	**425.79**
II. Inventories - Work in progress	
As at March 31, 2018	146.82
Cost on account of adoption of Ind AS 115	203.08
As at April 1, 2018 (refer Note A below)	**349.90**
III. Advance from customers	
As at March 31, 2018	35.66
On account of adoption of Ind AS 115	268.33
As at April 1, 2018	**303.99**

Note A
Out of the opening balance of ` 203.08 million, the Company recognised cost of ` 203.08 million during the year ended March 31, 2019.

Note B
Out of the opening balance of ` 268.33 million, the Company recognised revenue of ` 268.33 million during the year ended March 31, 2019.

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35 Segment Information

The Company's business activity primarily falls within a sigle business segment which constitutes realestate development and the Company primarily operates in India. As the Company's business activity primarily falls within a single business and geographical segment which is considered to be the only reportable segment by the Management hence there are no additional disclosures to be provided under Indian Accounting Standard 108 'Operating Segment', other than those already provided in the financial statements.

36 Standards issued but not effective

a) Ind AS 116 Leases

On 30 March 2019, MCA notified Ind AS 116 Leases and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard is effective April 1, 2019. The said standard is not applicable to the Company.

b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date.

c) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019.

d) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments are not applicable to the Company.

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e) Annual improvement to Ind AS (2018)

These improvements include:

i) Amendments to Ind AS 12: Income Taxes

The amendment relating to income tax consequences of dividend clarify that an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

ii) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its standalone financial statements.

37 Transfer pricing

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.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

S. R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru, India
Date: May 15, 2019

For and on behalf of the Board of Directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Rajnesh Gautam
Company Secretary

Sobha Highrise Ventures Pvt. Ltd.

Place: Bengaluru, India
Date: May 15, 2019