



**Garisenuru & Co.,  
Chartered Accountant**

No. 98, 3<sup>rd</sup> Stage, 6<sup>th</sup> Cross  
Saneguruvanahalli, Basaveswar Nagar  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sobha Assets Private Limited

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

I have audited the accompanying Ind AS financial statements of Sobha Assets Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act"), in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

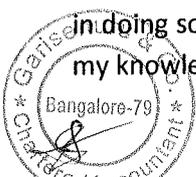
I conducted my audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Act and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the 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 information included in the Boards' Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or my knowledge obtained during the course of my audit or otherwise appears to be materially misstated.



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If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Management Responsibility 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 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 Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Board of directors are responsible for overseeing the Company's financial reporting process.

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

My 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 my 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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 financial 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, I am also responsible for expressing my 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements, including the

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

I 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 I identify during my audit.

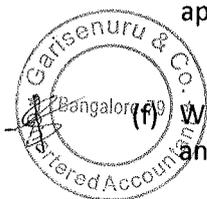
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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, I give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, I report that:
  - (a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;
  - (b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my 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 my opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act,
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – 2". Our



report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year and hence the provisions of section 197 of the Act are not applicable.

(h) 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 my opinion and to the best of my information and according to the explanations given to me:

- i. The Company did not have any pending litigations as at 31<sup>st</sup> March 2020 which have an impact on its 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 Garisenuru and Co  
Chartered Accountant  
ICAI Firms' Registration Number: 018666S

*Subba Reddy G*  
Subba Reddy G

Proprietor

Membership Number: 244907



Place: Bengaluru

Date: June 23, 2020

UDIN: 20244907AAAAAQ3742

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

Re: Sobha Assets Private Limited ('the Company')

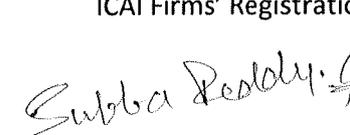
- (i) The Company has no fixed assets. Therefore the provisions of clause 3(i)(a),(b),(c) of the Order are not applicable to the company.
- (ii) As explained to me, the inventories were physically verified during the year by the management at reasonable intervals. There were no material discrepancies noticed on physical verification during the year.
- (iii) According to the information and explanations given to me, 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 my opinion and according to the information and explanations given to me, the company has not advanced loans to directors/to a company in which director is interested to which provisions of Section 185 of the Companies Act 2013 apply and hence not commented upon. In my opinion and according to the information and explanations given to me, 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) According to the information and explanations given to me, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) Maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, for the business activities carried out by the Company. Thus, reporting under Clause 3(vi) of the order is not applicable to the Company.
- (vii)
  - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including 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 provident fund and employees' state insurance are not applicable to the Company.
  - (b) According to the information and explanations given to me, 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 me, 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.

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. Hence reporting under paragraph 3(viii) of the Order is not applicable.



- (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, I 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 my 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 me 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 me, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Garisenuru and Co  
Chartered Accountant  
ICAI Firms' Registration Number: 018666S


Subba Reddy G  
Proprietor  
Membership Number: 244907

Place: Bengaluru  
Date: June 23, 2020  
UDIN: 20244907AAAAAQ3742

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**Annexure 2 to the Independent Auditor's report of even date on the Ind AS financial statements of Sobha Assets Private Limited**

**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 Assets Private Limited

I have audited the internal financial controls over financial reporting of Sobha Developers Pune Limited ("the Company") as of March 31, 2020 in conjunction with my 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**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on my audit. I conducted my 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 I 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.

My 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. My 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.

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



## 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 my 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, 2020, 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 Garisenuru and Co  
Chartered Accountant  
ICAI Firms' Registration Number: 018666S

*Subba Reddy G*



Subba Reddy G  
Proprietor  
Membership Number: 244907

Place: Bengaluru  
Date: June 23, 2020  
UDIN: 20244907AAAAAQ3742

	Notes	As at 31-Mar-20 ₹ million	As at 31-Mar-19 ₹ million
<b>Assets</b>			
<b>Current assets</b>			
Inventories	5	56.006	54.869
Financial assets			
Cash and cash equivalents	6	0.451	0.408
Other current assets	4	27.755	27.550
		<b>84.212</b>	<b>82.827</b>
<b>Total assets</b>		<b>84.212</b>	<b>82.827</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	7	0.100	0.100
Other equity	8	(0.152)	(0.137)
<b>Total equity</b>		<b>(0.052)</b>	<b>(0.037)</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	9		
-Total outstanding dues of micro enterprises and small enterprises; and			
-Total outstanding dues of creditors other than micro enterprises and small enterprises		0.020	0.020
Other current liabilities	10	84.244	82.844
		<b>84.264</b>	<b>82.864</b>
<b>Total liabilities</b>		<b>84.264</b>	<b>82.864</b>
<b>Total equity and liabilities</b>		<b>84.212</b>	<b>82.827</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.  
As per my report of even date

For Garisenuru & Co  
ICAI Firm registration number: 018666S  
Chartered Accountants

*Subba Reddy G*  
Subba Reddy G  
Proprietor  
Membership No.: 244907



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

*Ravi P N C Menon*  
Ravi P N C Menon  
Director  
DIN: 02070036

*J C Sharma*  
J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 23-Jun-2020

Place: Bengaluru, India  
Date: 23-Jun-2020

UDIN-20200907AAAAA03742

Statement of profit and loss for the year ended March 31, 2020

	Notes	31-Mar-20 ₹ million	31-Mar-19 ₹ million
Revenue from operations		-	-
Other income		-	-
Finance income		-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
(Increase)/ decrease in inventories of land stock and work-in-progress	11	(1.137)	(1.14)
Other expenses	12	0.014	0.01
Finance cost	13	1.138	1.14
<b>Total expenses</b>		<b>0.015</b>	<b>0.01</b>
<b>Profit before tax</b>		<b>(0.015)</b>	<b>(0.01)</b>
Tax expenses			
Current tax		-	-
<b>Income tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>(0.015)</b>	<b>(0.01)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>(0.015)</b>	<b>(0.01)</b>
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>		<b>(0.000)</b>	<b>(0.00)</b>
Basic and Diluted			

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements.  
As per my report of even date

For Garisenuru & Co  
ICAI Firm registration number: 018666S  
Chartered Accountants

Subba Reddy G

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Proprietor  
Membership No.: 244907



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

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Director  
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J C Sharma

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 23-Jun-2020

Place: Bengaluru, India  
Date: 23-Jun-2020

UDIN - 202004907AAAAAQ3742

Statement of Changes in Equity for the year ended March 31, 2020

a. Equity share capital

	No of Shares	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2019	10,000	0.100
At March 31, 2020	10,000	0.100

b. Other equity

For the year ended March 31, 2020

Attributable to the equity holders of the Company		₹ million
	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2019	(0.137)	(0.137)
Profit for the year	(0.015)	(0.015)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
<b>Total comprehensive income</b>	<b>(0.152)</b>	<b>(0.152)</b>
At March 31, 2020	(0.152)	(0.152)

For the year ended March 31, 2019

Attributable to the equity holders of the Company		₹ million
	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2018	(0.099)	(0.099)
Profit for the year	(0.038)	(0.038)
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
<b>Total comprehensive income</b>	<b>(0.137)</b>	<b>(0.137)</b>
At March 31, 2019	(0.137)	(0.137)

Summary of significant accounting policies

2

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

As per my report of even date

For Garisenuru & Co  
ICAI Firm registration number: 018666S  
Chartered Accountants

Subba Reddy G

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

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Director  
DIN: 02070036

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J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 23-Jun-2020

Place: Bengaluru, India  
Date: 23-Jun-2020

UDIN - 202004907AAAAA03742

Statement of Cash Flows for the year ended March 31, 2020

	Notes	31-Mar-20 ₹ million	31-Mar-19 ₹ million
<b>Operating activities</b>			
Profit before tax		(0.015)	(0.038)
<i>Working capital adjustments:</i>			
(Increase)/ decrease in inventories		(1.137)	(1.137)
(Increase)/ decrease in other financial and non-financial assets		(0.205)	(0.206)
Increase/ (decrease) in trade payables and other financial liabilities		-	-
Increase/ (decrease) in other non-financial liabilities		1.400	1.399
Income tax paid (net of refund)		0.043	0.018
<b>Net cash flows from/ (used in) operating activities (A)</b>		<b>0.043</b>	<b>0.018</b>
<b>Investing activities</b>			
<b>Net cash flows from/ (used in) investing activities (B)</b>		-	-
<b>Financing activities</b>			
<b>Net cash flows from/ (used in) financing activities (C)</b>		-	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		0.043	0.018
Cash and cash equivalents at the beginning of the year	6	0.408	0.390
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>0.451</b>	<b>0.408</b>

Summary of significant accounting policies 2

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As per my report of even date

For Garisenuru & Co  
ICAI Firm registration number: 018666S  
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Subba Reddy G  
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For and on behalf of the Board of Directors of  
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Place: Bengaluru, India  
Date: 23-Jun-2020

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Date: 23-Jun-2020

UDIN-20244907AAAAA@3742

## 1 Corporate Information

Sobha Assets Private Limited ('Company') was incorporated on 13-03-2012. The Company is primarily engaged in procurement, sale and development of lands into a residential, commercial complex and plotted development.

The Company is a private limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bengaluru. It is a fully owned subsidiary of Sobha Limited, a listed company in the real estate sector and having its registered office at Bengaluru.

## 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 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).

##### 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 possession of the residential or commercial unit to the customer and collection of complete transaction price by the Company from customer.

##### ii. 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.

##### iii. Dividend Income

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



**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:

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 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 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.



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 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.

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**

**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.

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**

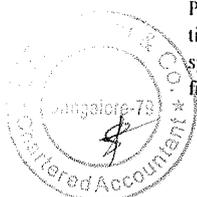
Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time 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.



**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

**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) Income taxes**

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.



*Current income tax*

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*Deferred income tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- ▶ temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction,
- ▶ temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- ▶ taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

The Company has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Asset basis the rate prescribed in the said section.

**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

**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.

**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.

**i) Classification of property**

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

**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.



Sobha Assets Private Limited

Notes to the financial statements for the year ended March 31, 2020

4 Other assets

	₹ million			
	Current		Non-current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	26.000	26.000	-	-
<b>Others</b>				
Balances with statutory/ government authorities	1.755	1.550		
	<u>27.755</u>	<u>27.550</u>	-	-

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

	₹ million	
	31-Mar-20	31-Mar-19
	₹ million	₹ million
Work-in-progress	56.006	54.869
	<u>56.006</u>	<u>54.869</u>

6 Cash and cash equivalents

	₹ million			
	Current		Non-current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Balances with banks:</b>				
- On current accounts	0.449	0.406	-	-
Cash on hand	0.002	0.002		
	<u>0.451</u>	<u>0.408</u>	-	-

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

	31-Mar-20	31-Mar-19
	₹ million	₹ million
<b>Balances with banks:</b>		
- On current accounts	0.449	0.406
Cash on hand	0.002	0.002
	<u>0.451</u>	<u>0.408</u>



7 Share Capital

	31-Mar-20 ₹ million	31-Mar-19 ₹ million
<b>Authorised shares</b>		
10,000 (March 31, 2019 - 10,000) equity shares of ₹10 each	0.100	0.100
<b>Issued, subscribed and fully paid-up shares</b>		
10,000 (March 31, 2019 - 10,000) equity shares of ₹10 each fully paid up	0.100	0.100
Total issued, subscribed and fully paid-up share capital	<u>0.100</u>	<u>0.100</u>

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

	31-Mar-20		31-Mar-19	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	10,000	0.100	10,000	0.100
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>10,000</u>	<u>0.100</u>	<u>10,000</u>	<u>0.100</u>

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year.

In 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31-Mar-20		31-Mar-19	
	No of Shares	Holding percentage	No of Shares	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Sobha Limited	10,000	100%	10,000	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.

8 Other equity

	31-Mar-20 ₹ million	31-Mar-19 ₹ million
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	(0.137)	(0.099)
Profit for the year	(0.015)	(0.038)
Net surplus in the statement of profit and loss	<u>(0.152)</u>	<u>(0.137)</u>
<b>Total other equity</b>	<u>(0.152)</u>	<u>(0.137)</u>



**Sobha Assets Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**9 Trade payables**

	31-Mar-20	31-Mar-19
	₹ million	₹ million
<b>Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises (refer note 17 for details of dues to micro and small enterprises)		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.020	0.020
	<b>0.020</b>	<b>0.020</b>

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 30-60 day terms  
For explanations on the Company's credit risk management processes, refer to note 21

**10 Other liabilities**

	31-Mar-20	31-Mar-19
	₹ million	₹ million
Advances received - Holding company (refer note 18)	84.244	82.844
<b>Total Other Liabilities</b>	<b>84.244</b>	<b>82.844</b>



Sobha Assets Private Limited

Notes to the financial statements for the year ended March 31, 2020

11 (Increase)/ decrease in inventories

	₹ million	₹ million
	31-Mar-20	31-Mar-19
Inventories at the end of the year		
Work-in-progress	56.006	54.869
	<u>56.006</u>	<u>54.869</u>
Inventories at the beginning of the year		
Work-in-progress	54.869	53.732
	<u>54.869</u>	<u>53.732</u>
(Increase)/ decrease	<u>(1.137)</u>	<u>(1.137)</u>

12 Other expenses

	31-Mar-20	31-Mar-19
	₹ million	₹ million
Rates and taxes	0.003	0.018
Legal and professional fees	0.006	0.006
Payment to auditor (Refer details below)	0.005	0.005
Miscellaneous expenses	-	0.002
	<u>0.014</u>	<u>0.031</u>

Payment to auditor

	31-Mar-20	31-Mar-19
	₹ million	₹ million
As auditor:		
Audit fee	0.005	0.005
	<u>0.005</u>	<u>0.005</u>

13 Finance costs

	31-Mar-20	31-Mar-19
	₹ million	₹ million
Interest		
- Others	-	0.007
Bank charges	1.138	1.137
<b>Total finance costs</b>	<u>1.138</u>	<u>1.144</u>



**Sobha Assets Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

- 14 There is no contingent liability during the year.
- 15 The company does not have any employees and hence no provision is considered in respect of employee benefits
- 16 There is no expenditure or earnings in Foreign exchange during the period
- 17 There are no dues to any party covered under Micro, Small and medium Enterprises Development Act, 2006, and hence information required under the said Act has not been furnished.
- 18 The related parties and transactions with them during the year as identified by the management are given under

a) List of related parties

**Key Management Personnel**

Mr. Ravi P N C Menon  
Mr. J C Sharma  
Mr. Ravi Nagaraj Doddabale

**Holding company**

Sobha Limited

**Other Related Parties**

Allapuzha Fine Real Estate Private Limited  
Aluva Realtors Private Limited  
Annalakshmi Land Developers Private Limited  
Bikasa Properties Private Limited  
Bikasa Realestates Private Limited  
Bikasa Realtors Private Limited  
Chennai Supercity Developers Private Limited  
Chikmangaloor Builders Private Limited  
Chikmangaloor Developers Private Limited  
Chikmangaloor Properties Private Limited  
Chikmangaloor Realtors Private Limited  
Cochin Cyber City Private Limited  
Cochin Cyber Estates Private Limited  
Cochin Cyber Golden Properties Private Limited  
Cochin Cyber Value Added Properties Private Limited  
Cochin Realtors Private Limited  
Daram Cyber Builders Private Limited  
Daram Cyber Developers Private Limited  
Daram Cyber Properties Private Limited  
Daram Lands Real Estate Private Limited  
Greater Cochin Cybercity Private Limited  
Greater Cochin Developers Private Limited  
Greater Cochin Properties Private Limited  
Greater Cochin Realtors Private Limited  
HBR Consultants Private Limited  
Hill And Menon Securities Private Limited  
Ilupur Builders Private Limited  
Ilupur Developers Private Limited  
Ilupur Properties Private Limited  
Ilupur Real Estate Private Limited  
Ilupur Realtors Private Limited  
Indeset Steel Private Limited  
Kaloore Realtors Private Limited  
Kaveripuram Developers Private Limited  
Kilai Builders Private Limited  
Kilai Properties Private Limited  
Kilai Super Developers Private Limited  
Kottaiyur Developers Private Limited  
Kottaiyur Real Estates Private Limited  
Kottaiyur Realtors Private Limited  
Kuthavakkam Builders Private Limited  
Kuthavakkam Developers Private Limited  
Kuthavakkam Properties Private Limited  
Kuthavakkam Realtors Private Limited  
Lotus Manpower Consultants Services Private Limited  
Mamballi Builders Private Limited  
Pillaipakkam Properties Private Limited  
Pillaipakkam Builders Private Limited  
PNC Lighting Solutions Private Limited  
PNC Technologies Private Limited  
Punkunnam Builders And Developers Private Limited  
Puzhakkal Developers Private Limited  
Red Lotus Facility Services Private Limited  
Red Lotus Metal Works Facilities And Services Private Limited  
Red Lotus Realtors Private Limited  
Royal Interiors Private Limited  
Rusoh Fine Builders Private Limited  
Rusoh Home Developers Private Limited  
Rusoh Marina Properties Private Limited  
Rusoh Modern Builders Private Limited  
Rusoh Modern Developers Private Limited  
Rusoh Modern Properties Private Limited  
S.B.G Housing Private Limited  
Santhavellur Builders Private Limited  
Santhavellur Developers Private Limited  
Santhavellur Realtors Private Limited  
Sengadu Builders Private Limited  
Sengadu Developers Private Limited  
Sengadu Properties Private Limited  
Sengadu Realestates Private Limited  
Sengadu Realtors Private Limited  
Sobha Academy Private Limited  
Indeset Electromechanical Private Limited  
Sobha Aviation And Engineering Services Private Limited  
Sobha Contracting Private Limited  
Sobha Developers (Pune) Limited  
Sobha Electro Mechanical Private Limited  
Sobha Glazing And Metal Works Private Limited  
Sobha Highrise Ventures Private Limited  
Sobha Hitechcity Developers Private Limited  
Sobha Inncity Technopolis Private Limited  
Sobha Interiors Private Limited  
Sobha Jewellery Private Limited  
Sobha Mapletree Developers Private Limited  
Sobha Projects And Trade Private Limited  
Sobha Puravankara Aviation Private Limited  
Sobha Space Private Limited  
Sobha Technocity Private Limited  
Sri Durga Devi Property Management Private Limited  
Sri Kanakadurga Property Developers Private Limited  
Sri Parvathy Land Developers Private Limited  
Sunbeam Projects Private Limited



Mannur Builders Private Limited	Technobuild Developers Private Limited
Mannur Properties Private Limited	Thakazhi Developers Private Limited
Mannur Real Estate Private Limited	Thakazhi Realtors Private Limited
Mapedu Builders Private Limited	Thuruchour Builders Private Limited
Mapedu Real Estates Private Limited	Thuruchour Developers Private Limited
Mapedu Realtors Private Limited	Tirur Cyber Real Estates Private Limited
Marina Realtors Private Limited	Valasai Vettikadu Builders Private Limited
Moolamcode Traders Private Limited	Valasai Vettikadu Properties Private Limited
Nasarapet Developers Private Limited	Valasai Vettikadu Real Estate Private Limited
Nasarapet Properties Private Limited	Valasai Vettikadu Realtors Private Limited
Nasarapet Realtors Private Limited	Vayaloor Builders Private Limited
Navabhusan Properties And Developers Private Limited	Vayaloor Developers Private Limited
Oman Builders Private Limited	Vayaloor Properties Private Limited
Padma Lochana Enterprises Private Limited	Vayaloor Real Estate Private Limited
Palani Properties Private Limited	Vayaloor Realtors Private Limited
Pallavur Projects Private Limited	PNC Switchgears Private Limited
Paramakudi Properties Private Limited	Sobha City
Perambakkam Builders Private Limited	Sri Kurumba Trust
Perambakkam Properties Private Limited	Sobha Tambaram Developers Limited
Lotus Manpower Services	Sobha Nandambakkam Developers Limited
Kondhwa Projects LLP	C V S Tech Park Private Limited
Sobha Construction Products Private Limited	

b) Transactions with Related Parties

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-20	31-Mar-19
			₹ million	₹ million
Balance Payable	Holding Company	Sobha Limited	84.244	82.844
Guarantees received	Holding Company	Sobha Limited	227.320	227.320
Advances received	Holding Company	Sobha Limited	1.400	-

19 Earnings per Share:

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

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

Particulars	31-Mar-20	31-Mar-19
Nominal value of equity shares	10	10
Profit after tax attributable to shareholders (₹ million)	(0.015)	(0.038)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Basic EPS (₹ million)	(0.000)	(0.000)



Sobha Assets Private Limited  
Notes to the financial statements for the year ended March 31, 2020

20 Fair value measurements

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

Particulars	As at March 31, 2020		As at March 31, 2019		₹ million
	At Cost	Fair value through profit or loss	At Cost	Fair value through profit or loss	
	At Amortised Cost	At Amortised Cost	At Amortised Cost	At Amortised Cost	
Financial assets					
Cash and cash equivalents	-	-	-	-	0.408
<b>Total</b>	-	-	-	-	<b>0.408</b>
Financial liabilities					
Trade payables	-	-	-	-	0.020
<b>Total</b>	-	-	-	-	<b>0.020</b>



## 21 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.

#### 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 does not have any exposure to the risk of changes in market interest rates as it does not have any long-term debt obligations with floating interest rates. 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.

#### 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 31 March 2020 and 31 March 2019 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):

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	₹ million Total
<b>Year ended March 31, 2020</b>						
Trade and other payables	0.020	-	-	-	-	0.020
	<b>0.020</b>	-	-	-	-	<b>0.020</b>
<b>Year ended March 31, 2019</b>						
Trade and other payables	0.020	-	-	-	-	0.020
	<b>0.020</b>	-	-	-	-	<b>0.020</b>



**22 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	₹ million	
	31-Mar-20	31-Mar-19
Trade payables (Note 9)	0.020	0.020
Other payables (Note 10)	84.244	82.844
Less: Cash and cash equivalents (Note 6)	0.451	0.408
<b>Net debt</b>	<b>83.813</b>	<b>82.456</b>
Equity (Note 7)	0.100	0.100
Other Equity (Note 8)	(0.152)	(0.137)
<b>Total capital</b>	<b>(0.052)</b>	<b>(0.037)</b>
<b>Capital and net debt</b>	<b>83.761</b>	<b>82.419</b>
Gearing ratio	100%	100%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and year ended March 31, 2019.

**23 Prior year comparatives**

The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the current year's classification.

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

As per our report of even date

**For Garisenuru & Co**  
ICAI Firm registration number: 018666S  
Chartered Accountants

*Subba Reddy G*

Subba Reddy G  
Proprietor  
Membership No.: 244907



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

*Ravi P N C Menon*

Ravi P N C Menon  
Director  
DIN: 02070036

*J C Sharma*

J C Sharma  
Director  
DIN: 01191608

Place: Bengaluru, India  
Date: 23-Jun-2020

Place: Bengaluru, India  
Date: 23-Jun-2020

UDIN - 20844907AAAAA03742