

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Highrise Ventures Private Limited

Report on the Ind AS Financial Statements

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, 2017, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and 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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, 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 Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (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, 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 25 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;



S.R. BATLIBOI & ASSOCIATES LLP

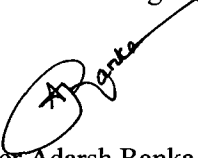
Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in Note 8 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567



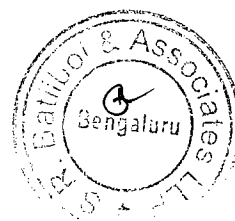
Place of Signature: Bengaluru, India

Date: May 15, 2017

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

Re: Sobha Highrise Ventures Private Limited (‘the Company’)

- (i) (a) The Company has no fixed assets. Therefore the provisions of clause 3 (i) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (ii) 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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act 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) Undisputed statutory dues including service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in remittance of income tax in few cases. The provision relating to employees’ state insurance and provident fund 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, 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, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.



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- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of Compulsory Convertible Debentures and term loans for the purposes for which they were raised.
- (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 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 177 and 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.
- (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.



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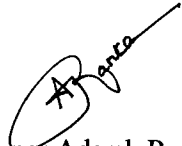
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- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

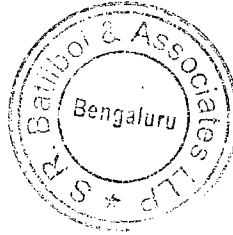
ICAI Firm Registration Number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567



Place of Signature: Bengaluru, India

Date: May 15, 2017

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of Sobha Highrise Ventures 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 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, 2017 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 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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.



Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting 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 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, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

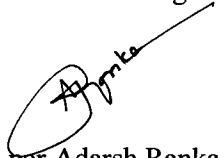
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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



per Adarsh Ranka

Partner

Membership Number: 209567

Place of Signature: Bengaluru, India

Date: May 15, 2017



Sobha Highrise Ventures Private Limited
Balance sheet as at March 31, 2017

	Notes	As at 31-Mar-17 ` million	As at 31-Mar-16 ` million	As at 01-Apr-15 ` million
Assets				
Non- current assets				
Financial assets				
Other non-current financials assets	4	0.02	0.02	0.02
Current tax assets (net)		12.85	12.32	9.65
		12.87	12.34	9.67
Current assets				
Inventories	6	656.84	1,104.05	1,189.37
Financial assets				
Trade receivables	7	174.30	-	-
Cash and cash equivalents	8	272.47	147.98	380.19
Other current financials assets	4	-	29.35	19.07
Other current assets	5	73.65	65.41	7.59
		1,177.26	1,346.79	1,596.22
Total assets		1,190.13	1,359.13	1,605.89
Equity and liabilities				
Equity				
Equity share capital	9	129.00	129.00	129.00
Other equity	10	460.97	183.30	166.07
Total equity		589.97	312.30	295.07
Non-current liabilities				
Financial liabilities				
Borrowings	11	-	397.00	797.00
		-	397.00	797.00

Sobha Highrise Ventures Private Limited
Balance sheet as at March 31, 2017

	Notes	As at 31-Mar-17 ` million	As at 31-Mar-16 ` million	As at 01-Apr-15 ` million
Current liabilities				
Financial liabilities				
Borrowings	11	400.00	160.00	150.00
Trade payables	12	0.53	39.84	55.77
Other current financial liabilities	13	87.02	20.28	28.82
Other current liabilities	14	45.72	429.71	279.23
Provisions	15	31.39	-	-
Liabilities for current tax (net)		35.50	-	-
		600.16	649.83	513.82
Total liabilities		600.16	1,046.83	1,310.82
Total equity and liabilities		1,190.13	1,359.13	1,605.89

Summary of significant accounting policies

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Vighneshwar G Bhat
Company Secretary

Place: Bengaluru, India
Date: May 15, 2017

Place: Bengaluru, India
Date: May 15, 2017

Sobha Highrise Ventures Private Limited
Statement of profit and loss for the year ended March 31, 2017

	Notes	31-Mar-17 ` million	31-Mar-16 ` million
Revenue from operations	17	1,863.36	494.76
Other income	18	0.48	0.40
Finance income	19	10.22	15.90
Total income		1,874.06	511.06
Expenses			
Subcontractor and other charges		824.09	236.82
(Increase)/ decrease in inventories of stock in trade - flats and work-in-progress	20	447.21	85.32
Other expenses	21	109.96	22.60
Finance cost	22	70.51	150.05
Total expenses		1,451.77	494.79
Profit before tax		422.29	16.27
Tax expenses			
Current tax	16	144.62	(0.96)
Income tax expense		144.62	(0.96)
Profit for the year		277.67	17.23
Other comprehensive income ('OCI')		-	-
Total comprehensive income for the year		277.67	17.23

Earnings per equity share [nominal value of ` 10 (Previous year - ` 10)]	24		
Basic			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		138.84	8.61
Class D equity shares		138.84	8.61
Diluted			
Class A equity shares		-	-
Class B equity shares		-	-
Class C equity shares		13.61	0.84
Class D equity shares		13.61	0.84

Summary of significant accounting policies

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

J.C. Sharma
Director
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Director
DIN: 02070036

Vighneshwar G Bhat
Company Secretary

Place: Bengaluru, India
Date: May 15, 2017

Place: Bengaluru, India
Date: May 15, 2017

Sobha Highrise Ventures Private Limited
Statement of changes in equity for the year ended March 31, 2017

a. Equity share capital

	No of Shares	Amount in ` million
Class A Equity shares of ` 10 each issued, subscribed and fully paid		
At April 1, 2015	199,999	2.00
At March 31, 2016	199,999	2.00
At March 31, 2017	199,999	2.00
Class B Equity shares of ` 10 each issued, subscribed and fully paid		
At April 1, 2015	1	0.00
At March 31, 2016	1	0.00
At March 31, 2017	1	0.00
Class C Equity shares of ` 10 each issued, subscribed and fully paid		
At April 1, 2015	10,200,000	102.00
At March 31, 2016	10,200,000	102.00
At March 31, 2017	10,200,000	102.00
Class D Equity shares of ` 10 each issued, subscribed and fully paid		
At April 1, 2015	2,500,000	25.00
At March 31, 2016	2,500,000	25.00
At March 31, 2017	2,500,000	25.00
	12,900,000	129.00

b. Other equity

For the year ended March 31, 2017

	Attributable to the equity holders of the Company		` million
	Equity portion of Compulsorily Convertible Preference shares (Note 9)	Reserves and Surplus Retained earnings (Note 10)	Total
As at April 1, 2016	77.00	106.30	183.30
Profit for the year	-	277.67	277.67
At March 31, 2017	77.00	383.97	460.97

Sobha Highrise Ventures Private Limited
Statement of changes in equity for the year ended March 31, 2017

For the year ended March 31, 2016

	` million		
	Attributable to the equity holders of the Company		Total
	Equity portion of Compulsorily Convertible Preference shares (Note 9)	Reserves and Surplus Retained earnings (Note 10)	
As at April 1, 2015	77.00	89.07	166.07
Profit for the period	-	17.23	17.23
At March 31, 2016	77.00	106.30	183.30

Summary of significant accounting policies

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

J.C. Sharma Ravi PNC Menon
Director Director
DIN: 01191608 DIN: 02070036

Vighneshwar G Bhat
Company Secretary

Place: Bengaluru, India
Date: May 15, 2017

Place: Bengaluru, India
Date: May 15, 2017

Sobha Highrise Ventures Private Limited
Statement of Cash Flows for the year ended March 31, 2017

	Notes	31-Mar-17 ` million	31-Mar-16 ` million
Operating activities			
Profit before tax		422.29	16.27
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain/ (loss) on disposal of investments		(10.22)	(15.59)
Finance income		-	(0.31)
Finance costs		61.32	149.95
<i>Working capital adjustments:</i>			
(Increase)/ decrease in trade receivables		(174.30)	-
(Increase)/ decrease in inventories		447.21	85.32
(Increase)/ decrease in other financial assets		21.11	(68.10)
Increase/ (decrease) in trade payables and other financial liabilities		26.43	(24.47)
Increase/ (decrease) in provisions		31.39	-
Increase/ (decrease) in other non-financial liabilities		(369.03)	159.64
		456.20	302.71
Income tax paid (net of refund)		(109.65)	(1.40)
Net cash flows from/ (used in) operating activities (A)		346.55	301.31
Investing activities			
Purchase of current investments		(1,477.09)	(921.26)
Proceeds from sale of current investments		1,477.09	921.26
Dividend income received		10.22	15.59
Net cash flows from/ (used in) investing activities (B)		10.22	15.59
Financing activities			
Redemption of debentures (including premium)		(399.50)	(402.50)
Proceeds from short-term borrowings		400.00	200.00
Repayment of short-term borrowings		(160.00)	(190.00)
Interest paid		(73.78)	(156.61)
Net cash flows from/ (used in) financing activities (C)		(233.28)	(549.11)
Net increase/ (decrease) in cash and cash equivalents		123.49	(232.21)
Cash and cash equivalents at the beginning of the year	8	147.98	380.19
Cash and cash equivalents at the end of the year	8	271.47	147.98

Summary of significant accounting policies

As per our report of even date

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

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

per Adarsh Ranka
Partner
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Vighneshwar G Bhat
Company Secretary

Place: Bengaluru, India
Date: May 15, 2017

Place: Bengaluru, India
Date: May 15, 2017

Sobha Highrise Ventures Private Limited

Notes to the financial statements for the year ended March 31, 2017

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, 2017.

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).

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 30 for information on how the Company adopted Ind AS.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

Recognition of revenue from property development

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

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

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

ii. 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.

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.

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.

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

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).

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.

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 including bank overdrafts.

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

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.

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) Taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

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

> When the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised.

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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting 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.

m) Investments

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

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

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

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

n) Foreign currency translation

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

o) 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.

p) 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.

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, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

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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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

4 Other financial assets

	` million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
Security deposit						
<i>Unsecured, considered good</i>						
Security deposit - Others	-	-	-	0.02	0.02	0.02
	-	-	-	0.02	0.02	0.02
Others						
Unbilled revenue	-	29.35	19.07	-	-	-
	-	29.35	19.07	0.02	0.02	0.02

5 Other assets

	` million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
Advances recoverable in cash or kind						
Unsecured considered good	51.00	65.00	0.01	-	-	-
Others						
Balances with statutory/ government authorities	22.65	0.41	7.58	-	-	-
	73.65	65.41	7.59	-	-	-

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

	` million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
Advances recoverable in cash or kind						
Dues from Sobha Limited, in which the Company's director is a director and a member	51.00	65.00	0.01	-	-	-

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

	` million		
	31-Mar-17	31-Mar-16	01-Apr-15
Work-in-progress	-	1,104.05	1,189.37
Stock in trade - flats	656.84	-	-
	656.84	1,104.05	1,189.37

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

7 Trade receivables

	` million					
	31-Mar-17	Current 31-Mar-16	01-Apr-15	31-Mar-17	Non-current 31-Mar-16	01-Apr-15
Trade receivables	174.30	-	-	-	-	-
Total Trade receivables	174.30	-	-	-	-	-
Break up of security details:						
Unsecured, considered good	174.30	-	-	-	-	-
Doubtful	-	-	-	-	-	-
	174.30	-	-	-	-	-
Total Trade receivables	174.30	-	-	-	-	-

8 Cash and cash equivalent

	` million		
	31-Mar-17	Current 31-Mar-16	01-Apr-15
<i>Balances with banks:</i>			
– On current accounts	271.42	147.97	380.17
Cash on hand	0.05	0.01	0.02
Cheques in hand	1.00	-	-
	272.47	147.98	380.19

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

	` million		
	31-Mar-17	31-Mar-16	01-Apr-15
<i>Balances with banks:</i>			
– On current accounts	271.42	147.97	380.17
Cash on hand	0.05	0.01	0.02
	271.47	147.98	380.19

Break up of financial assets carried at amortised cost

	` million		
	31-Mar-17	31-Mar-16	01-Apr-15
Other financial assets (refer note 4)	0.02	29.37	19.09
Trade receivables (refer note 7)	174.30	-	-
Cash and Cash equivalents (refer note 8)	272.47	147.98	380.19
Total financial assets carried at amortised cost	446.79	177.35	399.28

Sobha Highrise Ventures Private Limited**Notes to the financial statements for the year ended March 31, 2017****Disclosure for Specified Bank Notes**

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBNs	Other denomination notes	million
			Total
Closing cash in hand as on November 8, 2016	-	0.01	0.01
(+) Cash withdrawal	-	0.04	0.04
(+) Permitted receipts	-	0.00	0.00
(-) Permitted payments	-	0.00	0.00
Closing cash in hand as on December 30, 2016	-	0.05	0.05

Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016. These are general receipts and payments of other denomination notes.

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

9 Share Capital

	31-Mar-17 ` million	31-Mar-16 ` million	01-Apr-15 ` million
Authorised Share Capital			
199,999 (March 31, 2016 - 199,999; April 1, 2015 - 199,999) Class A equity shares of ` 10 each	2.00	2.00	2.00
1 (March 31, 2016 - 1; April 1, 2015 - 1) Class B equity shares of ` 10 each	0.00	0.00	0.00
10,200,000 (March 31, 2016 - 10,200,000; April 1, 2015 - 10,200,000) Class C equity shares of ` 10 each	102.00	102.00	102.00
2,500,000 (March 31, 2016 - 2,500,000; April 1, 2015 - 2,500,000) Class D equity shares of ` 10 each	25.00	25.00	25.00
7,700,000 (March 31, 2016 - 7,700,000; April 1, 2015 -7,700,000) Compulsorily Convertible Preference shares of ` 10 each	77.00	77.00	77.00
	206.00	206.00	206.00
Equity Share Capital			
Issued, subscribed and fully paid-up shares			
199,999 (March 31, 2016 - 199,999; April 1, 2015 - 199,999) Class A equity shares of ` 10 each	2.00	2.00	2.00
1 (March 31, 2016 - 1; April 1, 2015 - 1) Class B equity shares of ` 10 each	0.00	0.00	0.00
10,200,000 (March 31, 2016 - 10,200,000; April 1, 2015 - 10,200,000) Class C equity shares of ` 10 each	102.00	102.00	102.00
2,500,000 (March 31, 2016 - 2,500,000; April 1, 2015 - 2,500,000) Class D equity shares of ` 10 each	25.00	25.00	25.00
Total issued, subscribed and fully paid-up share capital	129.00	129.00	129.00
Equity component of Compulsorily Convertible Preference shares			
Issued, subscribed and fully paid-up shares			
7,700,000 (March 31, 2016 - 7,700,000; April 1, 2015 -7,700,000) Compulsorily Convertible Preference shares of ` 10 each	77.00	77.00	77.00
Total issued, subscribed and fully paid-up share capital	77.00	77.00	77.00

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

	31-Mar-17		31-Mar-16	
	No of Shares	` million	No of Shares	` million
Equity shares				
<i>Class A equity shares</i>				
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
<i>Class B equity shares</i>				
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
<i>Class C equity shares</i>				
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
<i>Class D equity shares</i>				
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

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

	31-Mar-17		31-Mar-16	
	No of Shares	` million	No of Shares	` million
Preference shares				
<i>Compulsorily Convertible Preference shares</i>				
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 share shall be converted to Class D equity shares on expiry of 19 years from the effective date i.e., August 13, 2012 or on liquidation or winding up of the Company. Each Compulsorily Convertible Preference share would be converted to 1 (one) Class D equity share having a par value of ` 10 each.

Sobha Highrise Ventures Private Limited**Notes to the financial statements for the year ended March 31, 2017****(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

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

Name of shareholder	₹ million	
	31-Mar-17	31-Mar-16
Sobha Limited, the Holding Company		
199,999 (March 31, 2016 - 100,000) Class A equity shares of ₹ 10 each	2.00	1.00
1 (March 31, 2016 - Nil) Class B equity shares of ₹ 10 each	0.00	-
10,200,000 (March 31, 2016 - Nil) Class C equity shares of ₹ 10 each	102.00	-
2,500,000 (March 31, 2016- 2,500,000) Class D equity shares of ₹ 10 each	25.00	25.00
7,700,000 (March 31, 2016 - 7,700,000) Compulsorily Convertible Preference Shares of ₹ 10 each	77.00	77.00
	<u>206.00</u>	<u>103.00</u>

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

	31-Mar-17		31-Mar-16	
	No of Shares	Holding percentage	No of Shares	Holding percentage
<i>Class A equity shares</i>				
Winona SA Investments LLC	-	-	99,999	49.9997%
Sobha Limited	199,999	100%	100,000	50.0003%
<i>Class B equity shares</i>				
Winona SA Investments LLC	-	-	1	100%
Sobha Limited	1	100%	-	-
<i>Class C equity shares</i>				
Winona SA Investments LLC	-	-	10,200,000	100%
Sobha Limited	10,200,000	100%	-	-
<i>Class D equity shares</i>				
Sobha Limited	2,500,000	100%	2,500,000	100%
<i>Compulsorily Convertible Preference Shares</i>				
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 9(c) regarding terms of conversion of preference shares.

For details of shares reserved for issue on conversion of Compulsorily Convertible Debentures, please refer note 11 regarding terms of conversion of debentures.

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

10 Other equity

	million	
	31-Mar-17	31-Mar-16
<hr/>		
Equity portion of Compulsorily convertible preference share		
Balance at the beginning of the year	77.00	77.00
Closing balance	77.00	77.00
<hr/>		
Retained earnings		
Surplus in the statement of profit and loss		
Balance at the beginning of the year	106.30	89.07
Profit for the year	277.67	17.23
<i>Other comprehensive income</i>	-	-
Net surplus in the statement of profit and loss	383.97	106.30
<hr/>		
Total other equity	460.97	183.30
<hr/>		

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017
11 Borrowings

				₹ million
	Effective Interest rate	31-Mar-17	31-Mar-16	01-Apr-15
Non-current borrowings				
Unsecured debentures				
Nil (March 31, 2016 - 1,985,000; April 1, 2015 - 3,985,000) 17.5% Series A Compulsorily Convertible Debentures of ₹ 100 each	17.50%	-	198.50	398.50
Nil (March 31, 2016 - 1,985,000; April 1, 2015 - 3,985,000) 17.5% Series B Compulsorily Convertible Debentures of ₹ 100 each	17.50%	-	198.50	398.50
Total non-current borrowings		-	397.00	797.00

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

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

During the year ended March 31, 2017, the Company had entered into an agreement to convert 1,985,000 unsecured 17.5% Series A Compulsorily Convertible Debentures of ₹ 100 each and 1,985,000 unsecured 17.5% Series B Compulsorily Convertible Debentures of ₹ 100 each to 1,985,000 unsecured 17.5% Series A Optionally Convertible Debentures and 1,985,000 unsecured 17.5% Series B Optionally Convertible Debentures respectively. Such Optionally Convertible Debentures have been redeemed in full at a premium of ₹ 0.625 per debenture during the year ended March 31, 2017.

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

				₹ million
	Effective Interest rate	31-Mar-17	31-Mar-16	01-Apr-15
Current Borrowings				
Secured loans				
Term loans from banks*	Refer below	400.00	160.00	150.00
Total current Borrowings		400.00	160.00	150.00

* Term loan from banks represents amount repayable within the operating cycle. Amount payable within twelve months is ₹ 400.00 million (March 31, 2016 - ₹ 160.00 million ;April 1, 2015 - ₹ 150.00 million)

						₹ million
Particulars	Amount outstanding			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	01-Apr-15			
Term loans from banks	-	160.00	150.00	12.50%	Secured by equitable mortgage of land and inventory of the Company. Further, the loan has been guaranteed by the corporate guarantee of Sobha Limited.	Five quarterly instalments of ₹ 190.00 million each after a moratorium of twenty seven months from the date of first disbursement.
Term loans from banks	400.00	-	-	10.75%	Secured by equitable mortgage of land and inventory of the Company. Further, the loan has been guaranteed by the corporate guarantee of Sobha Limited.	Repayable within twenty one months including moratorium period of fifteen months from the date of first instalment

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

12 Trade payables

	₹ million		
	31-Mar-17	31-Mar-16	01-Apr-15
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises (refer note 27)			
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.53	39.84	55.77
	0.53	39.84	55.77

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 60-day terms

13 Other financial liabilities

	₹ million		
	31-Mar-17	31-Mar-16	01-Apr-15
Current			
Others			
Interest accrued but not due	3.40	18.36	27.52
Non-trade payable	2.02	1.92	1.30
Security deposit towards maintenance services	81.60	-	-
Total current other financial liabilities	87.02	20.28	28.82
Total other financial liabilities	87.02	20.28	28.82

Breakup of financial liabilities carried at amortised cost

	₹ million		
	31-Mar-17	31-Mar-16	01-Apr-15
Borrowings (non-current) (refer note 11)	-	397.00	797.00
Borrowings (current) (refer note 11)	400.00	160.00	150.00
Trade payables (refer note 12)	0.53	39.84	55.77
Other payables (refer note 13)	87.02	20.28	28.82
Total financial liabilities carried at amortised cost	487.55	617.12	1,031.59

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

14 Other liabilities

	₹ million		
	31-Mar-17	31-Mar-16	01-Apr-15
Advance from customers	36.11	421.65	271.43
Withholding taxes payable	9.61	4.91	7.80
VAT payable	-	3.15	-
	45.72	429.71	279.23

15 Provisions

	₹ million		
	31-Mar-17	31-Mar-16	01-Apr-15
Other provisions			
Estimated project costs to be incurred for the completed project	31.39	-	-
	31.39	-	-

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

16 Income tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss:

Profit or loss section

	₹ million	
	31-Mar-17	31-Mar-16
Current income tax:		
Current income tax charge	144.62	0.64
Adjustments in respect of current income tax of previous year	-	(1.60)
Income tax expense reported in the statement of profit or loss	144.62	(0.96)

OCI section

There are no items recognised in OCI during the year ended March 31, 2017 and March 31, 2016.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	₹ million	
	31-Mar-17	31-Mar-16
Accounting profit before income tax	422.29	16.27
At India's statutory income tax rate of 34.608% (March 31, 2016: 30.90%)	146.15	5.03
Adjustments in respect of current income tax of previous years	-	(1.60)
Exempt income for tax purposes	(3.54)	(4.82)
Non-deductible expenses for tax purposes:		
Ineligible interest expense	1.36	-
Section 14A disallowance	0.66	-
Donation for charitable basis	-	0.43
At the effective income tax rate of 34.61% (March 31, 2016: 30.90%)	144.62	(0.96)
	144.62	(0.96)

Deferred tax

For the year ended March 31, 2017 and March 31, 2016, there is no deferred tax liability/ asset since there is no taxable temporary differences.

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

17 Revenue from operations

	₹ million	
	31-Mar-17	31-Mar-16
Revenue from operations		
Sale of products/ finished goods		
Income from property development	1,863.36	494.76
Total	1,863.36	494.76

18 Other income

	₹ million	
	31-Mar-17	31-Mar-16
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	0.48	0.40
	0.48	0.40

19 Finance income

	₹ million	
	31-Mar-17	31-Mar-16
Interest income on		
Others	-	0.31
Dividend income on		
Current investments	10.22	15.59
	10.22	15.90

20 (Increase)/ decrease in inventories

	₹ million		
	31-Mar-17	31-Mar-16	(Increase) / decrease
Inventories at the end of the year			31-Mar-17
Work-in-progress	-	1,104.05	1,104.05
Stock in trade - flats	656.84	-	(656.84)
	656.84	1,104.05	447.21
Inventories at the beginning of the year			31-Mar-16
Work-in-progress	1,104.05	1,189.37	85.32
Stock in trade - flats	-	-	-
	1,104.05	1,189.37	85.32
(Increase)/ decrease	447.21	85.32	

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

21 Other expenses

	₹ million	
	31-Mar-17	31-Mar-16
Rates and taxes	6.87	0.57
Advertising and sales promotion	18.15	14.60
Donation	-	1.50
Legal and professional fees	83.65	4.66
Payment to auditor (Refer details below)	1.27	1.27
Miscellaneous expenses	0.02	-
	109.96	22.60

Payment to auditor

	₹ million	
	31-Mar-17	31-Mar-16
As auditor:		
Audit fee [including for Limited review ₹ 0.60 million (Previous year - ₹ 0.60 million)]	1.25	1.25
Reimbursement of expenses	0.02	0.02
	1.27	1.27

22 Finance costs

	₹ million	
	31-Mar-17	31-Mar-16
Interest		
- On debentures	23.16	123.51
- Premium of redemption of optionally convertible debentures (refer note 11)	2.50	2.50
- On term loans	31.76	23.94
- Others	3.90	-
Bank charges	9.19	0.10
Total finance costs	70.51	150.05

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

23 Related party transactions

23.1 List of related parties

Party where control exists:

Sobha Limited - Holding Company (from January 31, 2017)

Joint Venturer under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015

Winona SA Investments LLC (upto January 30, 2017)

Key management personnel ('KMP')

Mr. J.C. Sharma

Mr. Ravi Menon

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

SA Winona Ventures Limited (Wholly owned subsidiary of Winona SA Investments LLC)

23.2 Transactions with related parties

	` million	
Particulars	31-Mar-17	31-Mar-16
I. Transaction with Holding Company		
Subcontractor charges		
Sobha Limited	792.70	236.82
Advertising and sales promotion expenses cross charged		
Sobha Limited	18.15	14.60
Management consultancy charges		
Sobha Limited	79.17	-
Expenses incurred on behalf of the Company		
Sobha Limited	-	0.01
Interest on debentures		
Sobha Limited	11.58	61.75
Advance paid towards purchase of goods or services		
Sobha Limited	51.00	65.00
II. Transaction with other related parties		
Interest on debentures		
SA Winona Ventures Limited	11.58	61.75

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

	` million		
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
I. Balances receivable from and payable to Holding Company			
Long-term borrowings - Debentures			
Sobha Limited	-	198.50	398.50
Trade payable			
Sobha Limited	0.53	39.61	55.42
Advances recoverable in cash or in kind			
Sobha Limited	51.00	65.00	-

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

	` million		
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
<hr/>			
Interest payable			
Sobha Limited	-	8.29	15.48
Guarantees received			
Sobha Limited	400.00	160.00	150.00
II. Balances receivable from and payable to other related parties			
Long-term borrowings - Debentures			
SA Winona Ventures Limited	-	198.50	398.50
Interest payable			
SA Winona Ventures Limited	-	6.45	12.04

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

24 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-17	31-Mar-16
Profit after tax attributable to shareholders (Amount in ` million)	277.67	17.23
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	138.84	8.61
Class D equity shares	138.84	8.61
Earnings Per Share (`)		
Basic		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	13.61	0.84
Class D equity shares	55.53	3.45
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	138.84	8.61
Class D equity shares	138.84	8.61
Earnings Per Share (`)		
Diluted		
Class A equity shares	-	-
Class B equity shares	-	-
Class C equity shares	13.61	0.84
Class D equity shares	13.61	0.84

* For the year ended March 31, 2016, since the convertible debentures are anti-dilutive, they have been ignored in the computation of diluted EPS.

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

25 Commitments and contingencies

Contingent liabilities (to the extent not provided for)

	₹ million		
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
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 (March 31, 2016: ₹ 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 (March 31, 2016: ₹ 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.

26 Construction contracts

	₹ million		
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Contract revenue recognised as revenue for the year ended March 31, 2017 *	1,863.36	494.76	861.28
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2017 for all the contracts in progress	3,219.40	1,356.04	861.28
The amount of customer advances outstanding for contracts in progress as at March 31, 2017 for which revenue has been recognised	36.11	421.65	271.43
The amount of work-in-progress and value of inventories	-	1,104.05	1,189.37

* The Company had revised its project cost estimates in the previous year ended March 31, 2016, as a result of which the profit before tax for the year ended March 31, 2016 is higher by ₹ 34.85 million.

- 27** 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, 2017.

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28 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, 2017 and March 31, 2016.

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, 2017 and March 31, 2016.

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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

		` million
	Increase/ decrease in interest rate	Effect on profit before tax
March 31, 2017		
INR	+1%	3.11
INR	-1%	(3.11)
March 31, 2016		
INR	+1%	1.54
INR	-1%	(1.54)

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.

Sobha Highrise Ventures Private Limited**Notes to the financial statements for the year ended March 31, 2017****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 2017 and 2016 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, 2017						
Borrowings	-	-	400.00	-	-	400.00
Other financial liabilities	87.02	-	-	-	-	87.02
Trade and other payables	0.53	-	-	-	-	0.53
	87.55	-	400.00	-	-	487.55
Year ended March 31, 2016						
Borrowings	-	160.00	-	-	397.00	557.00
Other financial liabilities	20.28	-	-	-	-	20.28
Trade and other payables	39.84	-	-	-	-	39.84
	60.12	160.00	-	-	397.00	617.12
As at April 1, 2015						
Borrowings	-	150.00	-	-	797.00	947.00
Other financial liabilities	28.82	-	-	-	-	28.82
Trade and other payables	55.77	-	-	-	-	55.77
	84.59	150.00	-	-	797.00	1,031.59

Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

29 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. Till March 31, 2016, the Company's policy was to keep the gearing ratio between 80% and 85%, however during the year the company has redeemed its debentures resulting in decrease in gearing ratio for the year ended March 31, 2017. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	` million		
	31-Mar-17	31-Mar-16	01-Apr-15
Borrowings (Note 11)	400.00	557.00	947.00
Trade payables (Note 12)	0.53	39.84	55.77
Other payables (Note 13 and note 14)	132.74	449.99	308.05
Less: Cash and cash equivalents (Note 8)	(272.47)	(147.98)	(380.19)
Net debt	260.80	898.85	930.63
Convertible preference shares (Note 10)	77.00	77.00	77.00
Equity	129.00	129.00	129.00
Total capital	206.00	206.00	206.00
Capital and net debt	466.80	1,104.85	1,136.63
Gearing ratio	56%	81%	82%

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.

Since the project is in completion stage and in order to utilise the excess cash in the books the company has redeemed all its debentures during the year. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

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Sobha Highrise Ventures Private Limited

Notes to the financial statements for the year ended March 31, 2017

30 Fair value measurements

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

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost
Financial assets									
Loans	-	-	0.02	-	-	0.02	-	-	0.02
Trade receivables	-	-	174.30	-	-	-	-	-	-
Cash and cash equivalents	-	-	272.47	-	-	147.98	-	-	380.19
Other current financials assets	-	-	-	-	-	29.35	-	-	19.07
Total	-	-	446.79	-	-	177.35	-	-	399.28
Financial liabilities									
Borrowings	-	-	400.00	-	-	557.00	-	-	947.00
Trade payables	-	-	0.53	-	-	39.84	-	-	55.77
Other financial liabilities	-	-	87.02	-	-	20.28	-	-	28.82
Total	-	-	487.55	-	-	617.12	-	-	1,031.59

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Sobha Highrise Ventures Private Limited
Notes to the financial statements for the year ended March 31, 2017

31 First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Reconciliation of total equity between previous GAAP and Ind AS

There are no reconciling items between the equity for the previous year under the previous GAAP with the equity as reported under IND AS as at March 31, 2016 and April 1, 2015.

Reconciliation of Total Comprehensive income for the year ended March 31, 2016

There are no reconciling items between the net profit under previous GAAP and the total comprehensive income as reported in these financial results under Ind AS.

32 Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below. In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The Company intends to adopt this standard and amendments when it becomes effective.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018. The Company will adopt the new standard on the required effective date. The directors of the Company anticipate that the application of the standard will be applicable only to certain streams of revenue and will not have a material impact on the financial statements.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Sobha Highrise Ventures Private Limited**Notes to the financial statements for the year ended March 31, 2017**

- 33** During the year ended March 31, 2017, the Company is a deemed public Company as per Section 2 (71) of the Companies Act, 2013 ('the Act'). The Company is in the process of complying with all the relevant provisions of the Act applicable to public Companies.

34 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.

35 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. However, no expenditure has been incurred by the Company in the current year on CSR activities.

36 Prior year comparatives

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

As per our report of even date

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

J.C. Sharma
Director
DIN: 01191608

Ravi PNC Menon
Director
DIN: 02070036

Vighneshwar G Bhat
Company Secretary

Place: Bengaluru, India
Date: May 15, 2017

Place: Bengaluru, India
Date: May 15, 2017