

**SETHIA PRAMOD & ASSOCIATES  
CHARTERED ACCOUNTANTS**

2326/A, 3rd Main,  
4th Cross, RPC Layout,  
Bangalore 560 038.

**Independent Auditor's Report**

To the members of **Sobha Assets Private Limited**

**Report on the Financial Statements**

I have audited the accompanying financial statements of **Sobha Assets Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I 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 there under. I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I 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 the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company



has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

### Opinion


In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the 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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, I report that:

- (a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
- (b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
- (c) The Balance Sheet and the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 my opinion and to the best of my information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sethia Pramod and Associates  
Chartered Accountants  
Firm's Registration No.012894S

  
Pramod Sethia  
Proprietor

11.05.2015 Membership No.223045



**SOBHA ASSETS PRIVATE LIMITED**

Sobha, Sarjapur-Marathahalli Outer Ring Road (ORR)  
Devarabisanahalli, Bellandur Post, Bangalore - 560 103  
CIN:U70100KA2012PTC063003

**BALANCE SHEET AS AT MARCH 31ST, 2015**


PARTICULARS	Notes No.	[In Rupees] As at 31-Mar-15	[In Rupees] As at 31-Mar-14
<b>EQUITIES AND LIABILITIES:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	2.1	100,000	100,000
(b) Reserves and surplus	2.2	(30,846)	(25,246)
		<b>69,154</b>	<b>74,754</b>
<b>NON-CURRENT LIABILITIES</b>			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
<b>CURRENT LIABILITIES</b>			
(a) Short Term Borrowings		-	-
(b) Trade Payables		-	-
(c) Other Current Liabilities	2.3	73,079,706	70,524,626
		<b>73,079,706</b>	<b>70,524,626</b>
<b>TOTAL</b>		<b>73,148,860</b>	<b>70,599,380</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets:			
Tangible Assets			
Intangible Assets			
Capital Work in Progress			
(b) Non-Current Investments		-	-
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans and Advances:	2.4	26,000,000	26,000,000
(e) Other Non-Current Assets	2.5	7,980	7,980
		<b>26,007,980</b>	<b>26,007,980</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	2.6	46,820,506	44,546,993
(b) Trade Receivables		-	-
(c) Cash and Bank Balance	2.7	25,966	30,966
(d) Short Term Loans and Advances		-	-
(e) Other Current Assets	2.8	294,408	13,441
		<b>47,140,880</b>	<b>44,591,400</b>
<b>TOTAL</b>		<b>73,148,860</b>	<b>70,599,380</b>
Significant Accounting Policies and notes	1 & 2		

Notes referred above form integral part of the financial statements

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

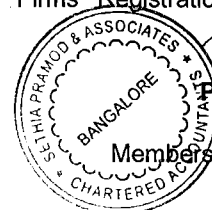


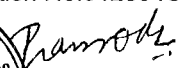
**Ravi PNC Menon**  
Director  
DIN :02070036

x 

**J C Sharma**  
Director  
DIN : 01191608

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



  
**Pramod Sethia**  
Proprietor  
Membership No.223045

Date :11th May, 2015  
Place : Bengaluru

**SOBHA ASSETS PRIVATE LIMITED**

Sobha, Sarjapur-Marathahalli Outer Ring Road (ORR)  
Devarabisanahalli, Bellandur Post, Bangalore - 560 103  
CIN:U70100KA2012PTC063003

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST,2015**

PARTICULARS	Notes No.	[In Rupees] for the year ended 31-Mar-15	[In Rupees] for the year ended 31-Mar-14
<b>INCOME</b>			
Income from Operation		-	-
Other Income		-	-
<b>TOTAL</b>		-	-
<b>EXPENSES</b>			
Changes in Inventories of Stock in Trade	2.9	(2,273,513)	(100,000)
Finance Cost	2.10	2,273,513	1,067
Other Expenses	2.11	5,600	112,119
<b>TOTAL</b>		<b>5,600</b>	<b>13,186</b>
<b>TAX EXPENSES</b>			
Current Tax		-	-
Deferred Tax		-	-
Tax relating to prior years		-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(5,600)</b>	<b>(13,186)</b>
<b>Basic &amp; Diluted Earning per Share (Equity Shares of par value of Rs. 10/- each)</b>		<b>(0.56)</b>	<b>(1.32)</b>
No of shares used in computing earning per share		10,000	10,000
Significant Accounting Policies and notes	1 & 2		

Notes referred above form integral part of the financial statements

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



**Ravi PNC Menon**  
Director  
DIN :02070036



**J C Sharma**  
Director  
DIN : 01191608

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




**Pramod Sethia**  
Proprietor  
Membership No.223045

Date :11th May, 2015  
Place : Bengaluru

## 2. NOTES ON ACCOUNTS AS AT MARCH 31ST, 2015

### 2.1 SHARE CAPITAL

Particulars	As at 31-Mar-15	As at 31-Mar-14
Authorised:		
Equity Share of Rs. 10/- par value 10,000 Equity Shares	1,00,000	1,00,000
Issued, Subscribed and Paid up:		
Equity Share of Rs. 10/- par value 10,000 Equity Shares fully paid up	1,00,000	1,00,000

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

The Company has not declared any dividend during the period.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

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

The details of shareholder holding more than 5% shares as at March 31,2015 and March 31,2014 is set out below:

Name of the Shareholder	As at 31-Mar-15		As at 31-Mar-14	
	No. of Shares	% held	No. of Shares	% held
Sobha Limited - Holding company	10,000	100.00%	10,000	100.00%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31,2015 and March31,2014 is set out below:

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	No. of Shares	Amount	No. of Shares	Ammunt
No. of shares at the beginning	10,000	1,00,000	10,000	1,00,000
Add: Shares issued during the year	-	-	-	-
No. of shares at the end	10,000	1,00,000	10,000	1,00,000

### 2.2 RESERVES AND SURPLUS

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>Surplus/(Deficit) in the Profit and Loss statement</b>		
Opening Balance	(25,246)	(12,060)
Add: Profit/(Loss) for the year	(5,600)	(13,186)
Net Surplus/(Deficit)	(30,846)	(25,246)
Total	<b>(30,846)</b>	<b>(25,246)</b>

### 2.3 OTHER CURRENT LIABILITIES

Particulars	As at 31-Mar-15	As at 31-Mar-14
Advances received from holding company	730,63,006	705,08,526
Other Liabilities	16,700	16,100
Total	<b>730,79,706</b>	<b>705,24,626</b>

**2.4 LONG TERM LOANS AND ADVANCES**

Particulars	As at 31-Mar-15	As at 31-Mar-14
Advances recoverable in cash or kind	26,000,000	26,000,000
<b>Total</b>	<b>26,000,000</b>	<b>26,000,000</b>

**2.5 OTHER NON CURRENT ASSETS**

Particulars	As at 31-Mar-15	As at 31-Mar-14
Unamortized Expenses	7,980	7,980
<b>Total</b>	<b>7,980</b>	<b>7,980</b>

**2.6 INVENTORIES**

Particulars	As at 31-Mar-15	As at 31-Mar-14
Work-in-Progress	46,820,506	44,546,993
<b>Total</b>	<b>46,820,506</b>	<b>44,546,993</b>

**2.7 CASH AND BANK BALANCE**

Particulars	As at 31-Mar-15	As at 31-Mar-14
Cash on hand	10	10
Balances with Banks in current account	25,956	30,956
<b>Total</b>	<b>25,966</b>	<b>30,966</b>

**2.8 OTHER CURRENT ASSETS**

Particulars	As at 31-Mar-15	As at 31-Mar-14
Balances with statutory agencies	294,408	13,441
<b>Total</b>	<b>294,408</b>	<b>13,441</b>

**2.9 CHANGES IN INVENTORIES OF STOCK IN TRADE**

Particulars	for the year ended 31-Mar-15	for the year ended 31-Mar-14
<b>Opening Stock</b>		
Work-in-Progress	44,546,993	44,446,993
	44,546,993	44,446,993
<b>Less: Closing Stock</b>		
Work-in-Progress	46,820,506	44,546,993
	46,820,506	44,546,993
<b>Changes in Inventories of Stock in Trade</b>	<b>(2,273,513)</b>	<b>(100,000)</b>



**2.10 FINANCE COST**

Particulars	for the year ended 31-Mar-15	for the year ended 31-Mar-14
Bank Charges	22,73,513	1,067
Total	<b>22,73,513</b>	<b>1,067</b>

**2.11 OTHER EXPENSES**

Particulars	for the year ended 31-Mar-15	for the year ended 31-Mar-14
Rates & Taxes	600	709
Professional and Consultancy Expenses	-	1,03,750
Registration and Renewal Expenses	-	-
Preliminary Expenses written off	-	2,660
Auditors' Remuneration	5,000	5,000
Total	<b>5,600</b>	<b>1,12,119</b>

2.12 There is no contingent liability during the year.

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

2.14 Previous year's figures are regrouped/rearranged wherever necessary, to make them comparable.

2.15 The Company is engaged primarily in one segment of business hence segment reporting is not applicable.

2.16 Other current liabilities includes Rs. 7,30,63,006/- due to Sobha Limited, a holding company.

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

2.18 There are no dues to any party covered under Micro, Small and medium Enterprises Development Act, 2006, and hence information required under the said Act has not been furnished.

2.19 Earnings per Share:

		Current period	Previous period
Net Profit after tax available for shareholders	a.	(5,600)	(13,186)
Weighted average number of Equity shares of Rs. 10/- each fully paid up (No. Of shares)	b.	10,000	10,000
Basic/Diluted earnings per Share (a/b) (Rs.).		(0.56)	(1.32)

2.20 In opinion of the Board of Directors, current assets, loans and advances, have atleast the value as stated in the balance sheet, if realised in the ordinary course of business.

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

a) List of related parties

**Key Management Personnel**

Mr. Ravi P N C Menon

Mr. J C Sharma

**Holding company**

Sobha Limited

(formerly Known as Sobha Developers Limited)

**Other Related Parties**

Allapuzha Fine Real Estate Private Limited

Aluva Realtors Private Limited

Annalakshmi Land Developers Private Limited

Bikasa Properties Private Limited

Bikasa Realestates Private Limited

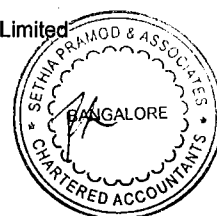
Pillaipakkam Properties Private Limited

Pillaipakkam Builders Private Limited

PNC Lighting Solutions Private Limited

PNC Technologies Private Limited

Punkunnam Builders And Developers Private Limited



Bikasa Realtors Private Limited  
 Chennai Supercity Developers Private Limited  
 Chikmangaloor Builders Private Limited  
 Chikmangaloor Developers Private Limited  
 Chikmangaloor Properties Private Limited  
 Chikmangaloor Realtors Private Limited  
 Cochin Cyber City Private Limited  
 Cochin Cyber Estates Private Limited  
 Cochin Cyber Golden Properties Private Limited  
 Cochin Cyber Value Added Properties Private Limited  
 Cochin Realtors Private Limited  
 Daram Cyber Builders Private Limited  
 Daram Cyber Developers Private Limited  
 Daram Cyber Properties Private Limited  
 Daram Lands Real Estate Private Limited  
 Greater Cochin Cybercity Private Limited  
 Greater Cochin Developers Private Limited  
 Greater Cochin Properties Private Limited  
 Greater Cochin Realtors Private Limited  
 HBR Consultants Private Limited  
 Hill And Menon Securities Private Limited  
 Ilupur Builders Private Limited  
 Ilupur Developers Private Limited  
 Ilupur Properties Private Limited  
 Ilupur Real Estate Private Limited  
 Ilupur Realtors Private Limited  
 Indeset Steel Private Limited  
 Kaloor Realtors Private Limited  
 Kaveripuram Developers Private Limited  
 Kilai Builders Private Limited  
 Kilai Properties Private Limited  
 Kilai Super Developers Private Limited  
 Kottaiyur Developers Private Limited  
 Kottaiyur Real Estates Private Limited  
 Kottaiyur Realtors Private Limited  
 Kuthavakkam Builders Private Limited  
 Kuthavakkam Developers Private Limited  
 Kuthavakkam Properties Private Limited  
 Kuthavakkam Realtors Private Limited  
 Lotus Manpower Consultants Services Private Limited  
 Mamballi Builders Private Limited  
 Mannur Builders Private Limited  
 Mannur Properties Private Limited  
 Mannur Real Estate Private Limited  
 Mapedu Builders Private Limited  
 Mapedu Real Estates Private Limited  
 Mapedu Realtors Private Limited  
 Marina Realtors Private Limited  
 Moolamcode Traders Private Limited  
 Nasarapet Developers Private Limited  
 Nasarapet Properties Private Limited  
 Nasarapet Realtors Private Limited  
 Navabhusan Properties And Developers Private Limited  
 Objective Systems Integrators India Private Limited  
 Oman Builders Private Limited  
 Padma Lochana Enterprises Private Limited  
 Palani Properties Private Limited  
 Pallavur Projects Private Limited  
 Paramakudi Properties Private Limited  
 Perambakkam Builders Private Limited

Perambakkam Properties Private Limited

Lotus Manpower Services

Puzhakkal Developers Private Limited  
 Red Lotus Facility Services Private Limited  
 Red Lotus Metal Works Facilities And Services Private Limited  
 Red Lotus Realtors Private Limited  
 Royal Interiors Private Limited  
 Rusoh Fine Builders Private Limited  
 Rusoh Home Developers Private Limited  
 Rusoh Marina Properties Private Limited  
 Rusoh Modern Builders Private Limited  
 Rusoh Modern Developers Private Limited  
 Rusoh Modern Properties Private Limited  
 S.B.G Housing Private Limited  
 Santhavellur Builders Private Limited  
 Santhavellur Developers Private Limited  
 Santhavellur Realtors Private Limited  
 Sengadu Builders Private Limited  
 Sengadu Developers Private Limited  
 Sengadu Properties Private Limited  
 Sengadu Realestates Private Limited  
 Sengadu Realtors Private Limited  
 Sobha Academy Private Limited  
 Indeset Electromechanical Private Limited  
 Sobha Aviation And Engineering Services Private Limited  
 Sobha Contracting Private Limited  
 Sobha Developers (Pune) Limited  
 Sobha Electro Mechanical Private Limited  
 Sobha Glazing And Metal Works Private Limited  
 Sobha Highrise Ventures Private Limited  
 Sobha Hitechcity Developers Private Limited  
 Sobha Innercity Technopolis Private Limited  
 Sobha Interiors Private Limited  
 Sobha Jewellery Private Limited  
 Sobha Mapletree Developers Private Limited  
 Sobha Projects And Trade Private Limited  
 Sobha Puravankara Aviation Private Limited  
 Sobha Renaissance Information Technology Private Limited  
 Sobha Space Private Limited  
 Sobha Technocity Private Limited  
 Sri Durga Devi Property Management Private Limited  
 Sri Kanakadurga Property Developers Private Limited  
 Sri Parvathy Land Developers Private Limited  
 Sunbeam Projects Private Limited  
 Technobuild Developers Private Limited  
 Thakazhi Developers Private Limited  
 Thakazhi Realtors Private Limited  
 Thiruchour Builders Private Limited  
 Thiruchour Developers Private Limited  
 Tirur Cyber Real Estates Private Limited  
 Valasai Vettikadu Builders Private Limited  
 Valasai Vettikadu Properties Private Limited  
 Valasai Vettikadu Real Estate Private Limited  
 Valasai Vettikadu Realtors Private Limited  
 Vayaloor Builders Private Limited  
 Vayaloor Developers Private Limited  
 Vayaloor Properties Private Limited  
 Vayaloor Real Estate Private Limited  
 Vayaloor Realtors Private Limited  
 PNC Switchgears Private Limited  
 Sobha City  
 Sri Kurumba Trust

Sobha Tambaram Developers Limited (formerly known as Megatech Software Private Limited)

Sobha Nandambakkam Developers Limited (formerly known as Tirur Cybercity Developers Private Limited)





b) Transactions with Related Parties

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-15	31-Mar-14
			(In Rupees)	(In Rupees)
Balance Payable	Holding Company	Sobha Limited	73,063,006	70,508,526

Signature to significant accounting policies and Notes to accounts

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



**Ravi PNC Menon**  
Director  
DIN :02070036



**J C Sharma**  
Director  
DIN : 01191608

Date :11th May, 2015  
Place : Bengaluru

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



**Pramod Sethia**  
Proprietor  
Membership No.223045

**SOBHA ASSETS PRIVATE LIMITED**
**Cash Flow Statement for the Year Ended 31st March 2015**

		31.03.2015 Rs.	31.03.2014 Rs.
<b>A</b>	<b>Cash Flow from Operating activities</b>		
	Profit before taxation	(5,600)	(13,186)
	<b>Operating profit before working capital changes</b>		
	Increase / (Decrease) in trade payables		
	Increase / (Decrease) in short term provisions		
	Increase / (Decrease) in other long term liabilities		
	Increase / (Decrease) in other current liabilities	25,55,080	1,40,709
	Increase / (Decrease) in short term borrowings		
	Increase / (Decrease) in long term borrowings		
	(Increase) / Decrease in trade receivables	(22,73,513)	(1,00,000)
	(Increase) / Decrease in inventories		
	(Increase) / Decrease in long term loans and advances		
	(Increase) / Decrease in short term loans and advances	(2,80,967)	(12,823)
	(Increase) / Decrease in other current assets		2,660
	(Increase) / Decrease in other non-current assets		
	(Increase) / Decrease in bank deposit with maturity more than 3 to 12 months	(5,000)	17,360
	<b>Cash generated from Operations</b>		
	Taxes paid (net of refunds)	(5,000)	17,360
	<b>Net cash generated from operating activities (A)</b>		
<b>B</b>	<b>Cash flow from Investing activities</b>		
	Purchase of tangible / intangible assets	-	-
	Increase/(decrease) in capital work in process	-	-
	Sale of tangible / intangible assets	-	-
	Non current investments	-	-
	Current investments	-	-
	Interest income	-	-
	Dividend Income	-	-
	(Increase) / Decrease in goodwill consideration	-	-
	<b>Net Cash from investing activities (B)</b>		
<b>C</b>	<b>Cash flow from Financing activities</b>		
	Dividend and Distribution tax paid	-	-
	Interest paid(Net)	-	-
	<b>Net cash used in Financing Activities (C)</b>		
	<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	(5,000)	17,360
	<b>Cash and Cash equivalents comprise of</b>		
	Cash on hand	10	10
	Balance with banks*	25,956	30,956
	Cash and Cash equivalents at the beginning of the year	30,966	13,606
	Cash and cash equivalents at the end of the year	25,966	30,966
		<b>(5,000)</b>	<b>17,360</b>



## **SOBHA ASSETS PRIVATE LIMITED**

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

Schedule forming part of the Accounts as at March 31st, 2015

### **1. Significant Accounting Policies:**

The company is a Small and Medium Sized Company (SMC) as defined in the general instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company. Wherever the Company has made additional disclosures than ought to have been disclosed, separate notes have been given under the respective disclosure.

#### **1.1 Basis of Preparation of Financial Statements:**

The financial statements have been prepared and presented under the historical cost convention, on accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 which continue to apply under Section 133 of Companies Act, 2013, ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of Companies Act, 1956, to the extent applicable.

#### **1.2 Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **1.3 Deferred Tax :**

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

#### **1.4 Impairment of tangible and intangible Fixed Assets:**

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

#### **1.5 Earnings per share:**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



**1.6 Inventories:**

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

**1.7 Retirement Benefit :**

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

**1.8 Contingent Liability:**

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

