

SOBHA HIGHRISE VENTURES PRIVATE LIMITED

FINANCIAL STATEMENTS – MARCH 31, 2013
TOGETHER WITH AUDITORS' REPORT

Independent Auditors' Report

To the Members of Sobha Highrise Ventures Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Sobha Highrise Ventures Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2013, the statement of profit and loss and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of profit and loss, of the loss for the period ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the period ended on that date.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

S. R. Batliboi & Associates LLP

For S.R. Batliboi & Associates LLP

Firm registration number: 101049W

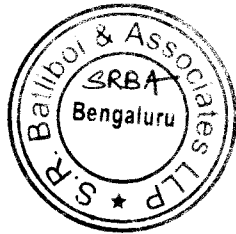
Chartered Accountants


per Adarsh Ranka
Partner

Membership No: 209567

Place: Bangalore

Date: May 08, 2013



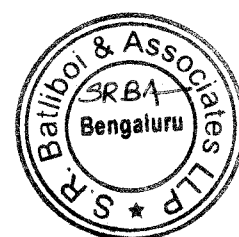
S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 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')

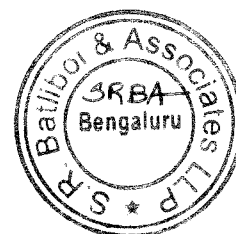
- (i) (a) The Company has no fixed assets. Therefore, the provisions of clause 4(i) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
 - (b) The procedures of physical verification of land inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of land inventory and no material discrepancies were noticed on 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 or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - (b) The Company has taken unsecured loan and unsecured debentures from one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the period was Rs. 819.49 million and the period end balance was Rs. 400.43 million (including interest accrued but not due).
 - (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
 - (d) The loans taken are repayable on demand and the repayment of the principal amount is as demanded and payment of interest has been regular. The debentures are compulsorily convertible into equity shares on expiry of 19 years from date of issue or on happening of certain events. As explained to us, events warranting conversion of compulsorily convertible debentures have not happened. The payment of interest is regular as per the agreed terms.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and related construction activities. There is no sale of goods/ services and purchase of fixed assets during the period. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in remittance of tax deducted at source and service tax dues in few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has issued 7,540,000 unsecured debentures of Rs.100 each during the period, on which no security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

S.R. Batliboi & Associates LLP

For S.R. Batliboi & Associates LLP

Firm registration number: 101049W

Chartered Accountants

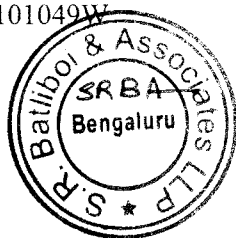
Adarsh Ranka

per Adarsh Ranka
Partner

Membership No: 209567

Place: Bangalore

Date: May 08, 2013



Sobha Highrise Ventures Private Limited
Balance sheet as at March 31, 2013

	Notes	Amount in Rs. As at 31-Mar-13
Equity and liabilities		
Shareholders' funds		
Share capital	3	206,000,000
Reserves and surplus	4	(2,390,209)
		<u>203,609,791</u>
Non-current liabilities		
Long-term borrowings	5	754,000,000
		<u>754,000,000</u>
Current liabilities		
Other current liabilities	6	49,288,030
		<u>49,288,030</u>
TOTAL		1,006,897,821
Assets		
Current assets		
Current investments	8	1,889,733
Inventories	9	999,064,814
Cash and bank balances	10	2,831,719
Short-term loans and advances	7	3,111,555
		<u>1,006,897,821</u>
TOTAL		1,006,897,821
Summary of significant accounting policies	2.1	

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

As per our report of even date

S.R. Batliboi & Associates LLP

For S.R. Batliboi & Associates LLP

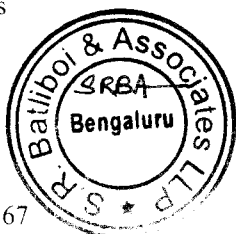
Firm registration number: 101049W

Chartered Accountants

Adarsh Ranka

per Adarsh Ranka
 Partner

Membership No: 209567



Place: Bangalore
 Date: May 08, 2013

For and on behalf of the board of directors of
 Sobha Highrise Ventures Private Limited

J.C. Sharma

J.C. Sharma
 Director

Place: Bangalore
 Date: May 08, 2013

Prakash Kalothia
 Director

Sapna Ramesh

Sapna Ramesh
 Company Secretary

Sobha Highrise Ventures Private Limited**Statement of profit and loss for the period ended March 31, 2013**

		Amount in Rs.
	Notes	28-May-12 to 31-Mar-13
Income		
Other income	11	589,733
Total		589,733
Expenses		
Cost of land		908,961,955
(Increase)/ decrease in inventories of work-in-progress	12	(999,064,814)
Other expenses	13	36,908,498
Finance costs	14	56,174,303
Total		2,979,942
Profit / (Loss) before tax		(2,390,209)
Tax expenses		
Current tax		-
Total tax expense		-
Profit / (Loss) for the year		(2,390,209)

Earnings per equity share [nominal value of share Rs. 10]	16	
Basic and diluted		
Class A equity shares		-
Class B equity shares		-
Class C equity shares		(0.30)
Class D equity shares		(1.21)

Summary of significant accounting policies 2.1

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

As per our report of even date

S.R. Batliboi & Associates LLP

For S.R. Batliboi & Associates LLP

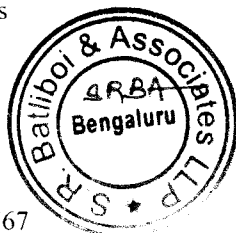
Firm registration number: 101049W

Chartered Accountants

A Ranka

per Adarsh Ranka
Partner

Membership No: 209567



Place: Bangalore
Date: May 08, 2013

For and on behalf of the board of directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma

J.C. Sharma
Director

Place: Bangalore
Date: May 08, 2013

Prakash Kalothia

Prakash Kalothia
Director

Sapna Ramesh

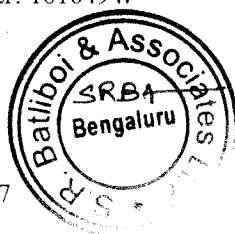
Sapna Ramesh
Company Secretary

Sobha Highrise Ventures Private Limited
Cash flow statement for the period ended March 31, 2013

	Amount in Rs.
	28-May-12 to 31-Mar-13
A. CASH FLOWS FROM OPERATING ACTIVITIES	
Profit / (Loss) before tax	(2,390,209)
Adjustment for :	
Interest expense	56,076,861
Dividend income	(589,733)
Operating profit/(loss) before working capital changes	53,096,919
Movements in working capital:	
(Increase) / decrease in inventories	(999,064,814)
(Increase) / decrease in loans and advances	(3,111,555)
Increase / (decrease) in other current liabilities	2,436,748
Cash (used in) / generated from operations	(946,642,702)
Income tax paid (Net)	-
Net cash (used in)/ generated from operating activities - (A)	(946,642,702)
B. CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of current investments	(80,589,733)
Proceeds from sale of current investments	78,700,000
Dividend income received	589,733
Net cash from/ (used in) investing activities - (B)	(1,300,000)
C. CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of equity share capital	206,000,000
Proceeds from issue of debenture / debenture application money	754,000,000
Proceeds from inter corporate loans	419,057,355
Repayment of inter corporate loans	(419,057,355)
Interest paid	(9,225,579)
Net cash from/ (used in) financing activities - (C)	950,774,421
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	2,831,719
Cash and cash equivalents as at beginning of the year	-
Cash and cash equivalents as at the end of the year	2,831,719
Components of cash and cash equivalents:	
Cash on hand	125,608
Balances with scheduled banks:	
In current accounts	2,706,111
Cash and cash equivalents in cash flow statement	2,831,719
Summary of significant accounting policies	2.1

As per our report of even date
S.R. Batliboi & Associates LLP
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567



Place: Bangalore
Date: May 08, 2013

For and on behalf of the board of directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma
Director

Prakash Kalothia
Director

Place: Bangalore
Date: May 08, 2013

Sapna Ramesh
Company Secretary

Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

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 Company has executed an investment agreement with Sobha Developers 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.

2 Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India.

2.1 Summary of significant accounting policies

a) 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 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. Any revision to accounting estimates is recognised prospectively.

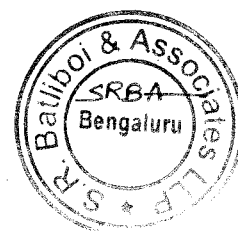
b) Investments

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.



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

c) Inventories

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 real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

d) Land

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

e) Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

f) 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.

g) Revenue recognition

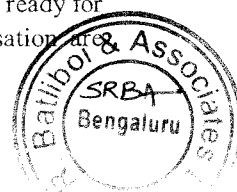
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established by the balance sheet date.

h) 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.



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

i) 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.

j) 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 are recognised as income or as expenses in the year in which they arise.

k) Taxes

Tax expense comprises of current and deferred 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.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

l) Segment reporting policies

The Company is engaged in the business of real estate development in India. Since, the Company's business activity primarily falls within a single business and geographical segment, no further disclosures are required, other than those already given in the financial statements.

m) 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 investments with an original maturity of three months or less.



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

Amount in Rs.

31-Mar-13

3 Share capital**Authorized shares**

199,999 Class A Equity shares of Rs.10 each	1,999,990
1 Class B Equity share of Rs.10 each	10
10,200,000 Class C Equity shares of Rs.10 each	102,000,000
2,500,000 Class D Equity shares of Rs.10 each	25,000,000
7,700,000 Compulsorily Convertible Preference shares of Rs. 10 each	77,000,000
	206,000,000

Issued, subscribed and fully paid-up shares

199,999 Class A Equity shares of Rs.10 each	1,999,990
1 Class B Equity share of Rs.10 each	10
10,200,000 Class C Equity shares of Rs.10 each	102,000,000
2,500,000 Class D Equity shares of Rs.10 each	25,000,000
7,700,000 Compulsorily Convertible Preference shares of Rs. 10 each	77,000,000

Total issued, subscribed and fully paid-up share capital**206,000,000****(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

31-Mar-13

No of Shares

Amount in Rs.

Equity shares*Class A equity shares*

At the beginning of the period	-	-
Issued during the period	199,999	1,999,990
Outstanding at the end of the period	199,999	1,999,990

Class B equity shares

At the beginning of the period	-	-
Issued during the period	1	10
Outstanding at the end of the period	1	10

Class C equity shares

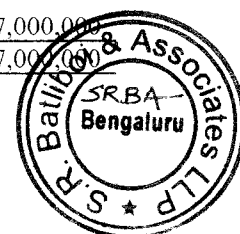
At the beginning of the period	-	-
Issued during the period	10,200,000	102,000,000
Outstanding at the end of the period	10,200,000	102,000,000

Class D equity shares

At the beginning of the period	-	-
Issued during the period	2,500,000	25,000,000
Outstanding at the end of the period	2,500,000	25,000,000

Preference shares*Compulsorily Convertible Preference shares*

At the beginning of the period	-	-
Issued during the period	7,700,000	77,000,000
Outstanding at the end of the period	7,700,000	77,000,000



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

(b) Terms/ rights attached to equity shares

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

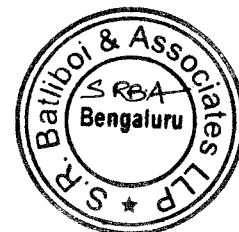
Class D equity shares

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 Rs. 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 Rs. 10 each.



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

(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	Amount in Rs. 31-Mar-13
Sobha Developers Limited, the holding company *	
100,000 Class A equity shares of Rs. 10 each	1,000,000
2,500,000 Class D equity shares of Rs. 10 each	25,000,000
7,700,000 Compulsorily Convertible Preference Shares of Rs. 10 each	77,000,000
	<u>103,000,000</u>
* Holding Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).	
Winona SA Investments LLC, the holding company **	
99,999 Class A equity shares of Rs. 10 each	999,990
1 Class B equity share of Rs. 10 each	10
10,200,000 Class C equity shares of Rs. 10 each	102,000,000
	<u>103,000,000</u>
** Holding Company under the provisions of Section 4 of Companies Act 1956.	

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

Name of shareholder	31-Mar-13	
	No of Shares	% holding
<i>Class A equity shares</i>		
Winona SA Investments LLC	99,999	49.9997%
Sobha Developers Limited	100,000	50.0003%
<i>Class B equity shares</i>		
Winona SA Investments LLC	1	100%
<i>Class C equity shares</i>		
Winona SA Investments LLC	10,200,000	100%
<i>Class D equity shares</i>		
Sobha Developers Limited	2,500,000	100%
<i>Compulsorily Convertible Preference Shares</i>		
Sobha Developers Limited	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 3(c) regarding terms of conversion of preference shares.

For details of shares reserved for issue on conversion of Compulsorily Convertible Debentures, please refer note 3(d) regarding terms of conversion of debentures.



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

4 Reserves and surplus

Amount in Rs.

31-Mar-13**Statement of profit and loss**

Balance as per last financial statements	-
Loss for the period	(2,390,209)
Less: Appropriations	-
Net surplus/ (deficit) in the statement of profit and loss	(2,390,209)
	<u>(2,390,209)</u>

5 Long-term borrowings

Amount in Rs.

Non-current portion

Current maturities

31-Mar-13

31-Mar-13

Unsecured debentures

17.5% Series A Compulsorily Convertible Debentures of Rs.100 each	377,000,000	-
17.5% Series B Compulsorily Convertible Debentures of Rs.100 each	377,000,000	-
	<u>754,000,000</u>	-

Series A and Series B 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 and Series B debentures into Class C and Class D equity shares respectively shall be Rs.50 per equity share. The debentures carry as simple interest of 17.5% per annum.

6 Other current liabilities

Amount in Rs.

31-Mar-13

Others	
Other liabilities	885,308
Withholding taxes payable	1,252,328
Interest accrued but not due	46,851,282
Service Tax payable	299,112
	<u>49,288,030</u>



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

7 Loans and advances

	Amount in Rs.	
	Non-current 31-Mar-13	Current 31-Mar-13
Others		
Balances with statutory / government authorities	-	3,111,555
	-	<u>3,111,555</u>

8 Current investments

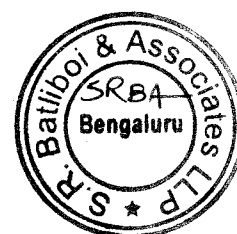
	Amount in Rs.	
	31-Mar-13	
Current investments (valued at lower of cost and fair value)		
Other than trade, unquoted		
Investment in Mutual funds		
1889.524 units of Axis Liquid Fund - Daily Dividend Reinvestment of Rs.1,000.1107 each		1,889,733
		<u>1,889,733</u>
Aggregate amount of unquoted investments		1,889,733

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

	Amount in Rs.	
	31-Mar-13	
Work in progress		999,064,814
		<u>999,064,814</u>

10 Cash and bank balances

	Amount in Rs.	
	Non-current 31-Mar-13	Current 31-Mar-13
Cash and cash equivalents		
Balances with banks:		
- On current accounts	-	2,706,111
Cash on hand	-	125,608
	-	<u>2,831,719</u>



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

	Amount in Rs.
	28-May-12 to 31-Mar-13

11 Other income

Dividend income on Current investments	589,733
	<u>589,733</u>

12 (Increase)/ decrease in inventories

Inventories at the end of the period	
Work in progress	999,064,814
	<u>999,064,814</u>
Inventories at the beginning of the period	
Work in progress	-
	<u>-</u>
(Increase)/ decrease	<u>(999,064,814)</u>

13 Other expenses

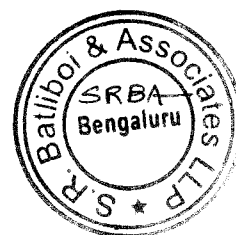
Rates and taxes	11,521,321
Legal and professional fees (Refer details below)	12,320,938
Brokerage and commission	12,863,875
Advertisement	195,044
Miscellaneous expenses	7,320
	<u>36,908,498</u>

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

As auditor:	
Audit fee	505,000
	<u>505,000</u>

14 Finance costs

Interest	
- On borrowings	52,056,984
- Others	4,019,877
Bank charges	97,442
	<u>56,174,303</u>



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

15 Related party disclosure

15.1 List of related parties

Party where control exists:

Sobha Developers Limited- Holding Company*

Winona SA Investments LLC **

Key management personnel ('KMP')

Mr. J.C. Sharma

Mr. Ravi Menon

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

Wholly owned subsidiary of Winona SA Investments LLC **

SA Winona Ventures Limited

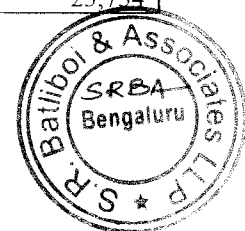
* Holding Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).

** Holding Company under the provisions of Section 4 of Companies Act 1956.

15.2 Transactions with related parties

Amount in Rs.

Name of the related party	Description of relationship	Description of the nature of transaction	31-Mar-13
Sobha Developers Limited	Holding company under Accounting Standards	Issue of Class A Equity shares	900,000
		Issue of Class D Equity shares	25,000,000
		Issue of Compulsorily Convertible Preference Shares	77,000,000
		Issue of Compulsorily Convertible Debentures	377,000,000
		Proceeds from inter corporate loans	419,057,355
		Repayment of inter corporate loans	419,057,355
		Assignment of land advance paid by Sobha Maple Tree on behalf of Sobha Developers Limited	79,920,000
		Expenses incurred on behalf of the Company	227,501
		Interest on debentures	26,028,492
		Interest on loans	3,962,397
		Long-term borrowings - Debentures	377,000,000
		Interest payable	23,425,641
		Balance payable	25,754



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

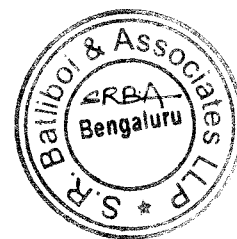
Amount in Rs.

Name of the related party	Description of relationship	Description of the nature of transaction	31-Mar-13
Winona SA Investments LLC	Holding company under Companies Act 1956	Issue of Class A Equity shares	999,990
		Issue of Class B Equity shares	10
		Issue of Class C Equity shares	102,000,000
SA Winona Ventures Limited	Other related party	Issue of Compulsorily Convertible Debentures	377,000,000
		Long-term borrowings - Debentures	377,000,000
		Interest on debentures	26,028,492
		Interest payable	23,425,641

Aggregate of amount of transactions by nature:

Amount in Rs.

Description of the nature of transactions	31-Mar-13
(A) During the year	
Issue of Class A Equity shares	1,899,990
Issue of Class B Equity shares	10
Issue of Class C Equity shares	102,000,000
Issue of Class D Equity shares	25,000,000
Issue of Compulsorily Convertible Preference Shares	77,000,000
Issue of Compulsorily Convertible Debentures	754,000,000
Expenses incurred on behalf of the Company	227,501
Proceeds from inter corporate loans	419,057,355
Repayment of inter corporate loans	419,057,355
Assignment of land advance paid by Sobha Maple Tree on behalf of Sobha Developers Limited	79,920,000
Interest on loans	3,962,397
Interest on debentures	52,056,984
(B) Closing balance	
Interest payable	46,851,282
Long-term borrowings - Debentures	754,000,000
Balance payable	25,754



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

16 Earnings per share ('EPS'):

Particulars	31-Mar-13
Nominal Value of equity share (Rs.)	10
Weighted average number of equity shares outstanding	
Class A equity shares	124,657
Class B equity shares	0
Class C equity shares	4,024,110
Class D equity shares	986,301
Loss for the period considered for the calculation of basic and diluted earnings per share (Rs.)	
Class A equity shares	-
Class B equity shares	-
Class C equity shares	(1,195,105)
Class D equity shares	(1,195,105)
Earnings Per Share - Basic and diluted (Rs.) *	
Class A equity shares	-
Class B equity shares	-
Class C equity shares	(0.30)
Class D equity shares	(1.21)

* Since the convertible debentures/ preference share are anti-dilutive, they have been ignored in the computation of diluted EPS.

17 Expenditure in foreign currency (on accrual basis)

	Amount in Rs.
	31-Mar-13
Interest on borrowings	26,028,492
	<u>26,028,492</u>

18 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.

19 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".



Sobha Highrise Ventures Private Limited

Notes to the financial statements for the period ended March 31, 2013

20 This is the first period of the Company and accordingly no prior year comparatives have been presented in these financial statements.

As per our report of even date

S.R. Batliboi & Associates LLP

For S.R. Batliboi & Associates LLP

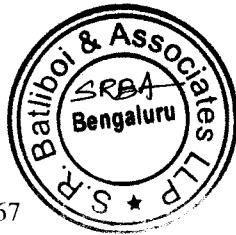
Firm registration number: 101049W

Chartered Accountants

A Ranka

per Adarsh Ranka
Partner

Membership No: 209567



Place: Bangalore

Date: May 08, 2013

For and on behalf of the board of directors of
Sobha Highrise Ventures Private Limited

J.C. Sharma

J.C. Sharma
Director

Place: Bangalore

Date: May 08, 2013

Prakash Kalothia

Prakash Kalothia
Director

Sapna Ramesh

Sapna Ramesh
Company Secretary