

Sethia Pramod and Associates
Dn.184, First Floor,
Indiranagar II Stage,
Double Road,
Bangalore
560038

AUDITORS' REPORT

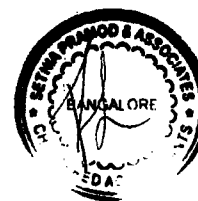
To,
The Members of Sobha Assets Private Limited

I have audited the attached balance sheet of Sobha Assets Private Limited, as at 31st March, 2012 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Based on the information and records produced by the Company, I am of the opinion that the reports as required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 is not applicable. Further to my comments as mentioned above, I report that:

- i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit;
- ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- iv) In my Opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and



vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

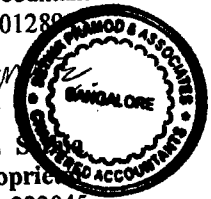
- (a) in the case of balance sheet, of the state of affairs of the Company as at 31st of March, 2012; and
- (b) in the case of the profit and loss account, of the loss for the period ended on that date.

Place : Bangalore
Date : 05.05.2012

For M/s. Sethia Pramod and Associates
Chartered Accountant
Firm Registration No.01280

Pramod S. Sethia
Proprietor


Membership No.:223045



Sobha Assets Private Limited
Balance Sheet As At March 31st, 2012

Particulars	Notes No.	[In Rupees] As at March 31st, 2012
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	2.1	100,000
2. Share application money pending allotment		-
3. Non-current liabilities		-
4. Current Liabilities		
(a) Trade payables	2.2	13,300
(b) Other current liabilities	2.3	11,516,550
		11,529,850
TOTAL		11,629,850
II. ASSETS		
1. Non-current assets		
(a) Other non-current assets	2.4	13,300
2. Current assets		
(a) Inventories	2.5	11,416,540
(d) Cash and cash equivalents	2.6	200,010
		11,616,550
TOTAL		11,629,850
Significant Accounting Policies and notes	1 & 2	
Note 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

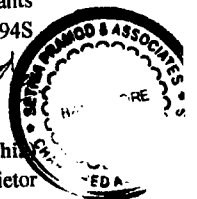


J C Sharma
 Director

Date : 05.05.2012
 Place : Bangalore

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


(Pramod Sethi)
 Proprietor
 Membership No. 223045



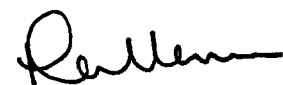
Sobha Assets Private Limited
Profit And Loss Statement For The Year Ended 31st March, 2012

Particulars	Notes No.	[In Rupees] For the year ended 31st March, 2012
I. Revenue from operations		-
II. Other Income		-
III. Total revenue (I+II)		-
IV. Expenses		
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.7	(11,416,540)
Other expenses	2.8	11,416,540
Total expenses		-
V. Profit before exceptional and extraordinary items and tax (III-IV)		-
VI. Exceptional items		-
VII. Profit before extraordinary items and tax (V-VI)		-
VIII. Extraordinary items		-
IX. Profit before tax (VII-VIII)		-
X. Tax expense:		-
(1) Current tax		-
(2) Deferred tax		-
XI. Profit (Loss) for the period from continuing operations (IX-X)		-
XII. Profit / (Loss) from discontinuing operations		-
XIII. Tax expense of discontinuing operations		-
XIV. Profit/ (Loss) from Discontinuing operations (after tax) (XII-XIII)		-
XV. Profit (Loss) for the period (XI + XIV)		-
XVI. Earnings per equity share:		-
(1) Basic		-
(2) Diluted		-

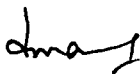
Significant Accounting Policies and notes
Note referred above form integral part of the financial statements

1 & 2

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

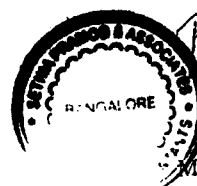


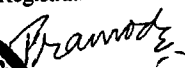
Ravi PNC Menon
Director



J C Sharma
Director

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





(Pramod Sethia)
Proprietor
Membership No. 223045

Date : 05.05.2012
Place : Bangalore

SOBHA ASSETS PRIVATE LIMITED, BANGALORE

1. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31st, 2012

1.1 Method of Accounting

The Company follows accrual method of accounting except where receipt of income is uncertain and is in accordance with the Accounting Standards referred to sub-section 3(c) of Section 211 of the Companies Act, 1956.

1.2 The Company is yet to commence its commercial activities.

1.3 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 octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

1.4 Deferred Tax

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

1.5 Retirement Benefit:

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

1.6 Treatment of Contingent Liabilities:

Contingent Liabilities not provided for are reflected in Notes on Accounts.

2. NOTES TO ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31st, 2012

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

2.2 Previous year's figures have not been furnished since the company was incorporated only during the year.

2.3 Accounts have been prepared for the period 13.03.2012 to 31.3.2012 ie from the date of incorporation.

2.4 The Company is not a manufacturing Concern and hence the quantitative information as required to be given under para 4(c) and 4(d) of Part II of Schedule VI are not applicable.



- 2.5 Other current liabilities includes Rs.1,15,16,550/- due to Sobha Developers Limited, a holding company (maximum balance during the year is Rs.1,15,16,550/-)
- 2.6 There is no expenditure or earnings in Foreign exchange during the period.
- 2.7 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.
- 2.8 Earnings per Share: Since the company has not commenced any business, notes on earnings per share is not applicable.
- 2.9 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 Developers Limited

b) Transactions with Related Parties

(In Rupees)

Nature of transaction	Description of relationship	Name of the Related party	March 31st, 2012
Balance Payable	Holding Company	Sobha Developers Limited	1,15,16,550/-
Share Capital	Holding Company	Sobha Developers Limited	99,990

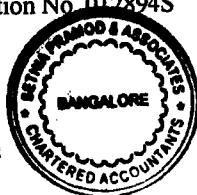
Signature to significant accounting policies and Notes to accounts

As per our report of even date
For Sethia Pramod and Associates
Chartered Accountants
Firm's Registration No. 012894S

for and on behalf of the Board
Sobha Assets Private Limited

Pramod

Pramod Sethia
Proprietor
Membership No.223045



Ravi P N C Menon

Ravi P N C Menon
Director

J C Sharma

J C Sharma
Director

Place: Bangalore

Date: 05.05.2012

Sobha Assets Private Limited
2. Notes on Accounts For The Year Ended 31st March, 2012

[In Rupees]
As at March 31, 2012

Particulars

2.1 Share capital

(a) Authorised 100,000
10,000 Equity shares of Rs. 10/- each

(b) Issued 100,000
10,000 Equity shares of Rs. 10/- each

(c) Subscribed and fully paid up 100,000
10,000 Equity shares of Rs. 10/- each

(d) Par value per equity share is Rs. 10.

(e) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity Shares

Balance at the beginning of previous year 10,000
Add: Shares issued during the year 10,000
Balance at the end of the year

(f) The Company has only one class of shares, referred to as equity shares and each shareholder of equity shares is entitled to one vote per share.
The Company has not commenced the operations and hence not declared any dividend during the year.

(g) No. Equity shares are held by the holding company Sobha Developers Limited 9,999

(h) Details of shares in the company held by each shareholder holding more than 5 percent shares of aggregate shares in the company

Share holder	Sobha Developers Limited
No. of shares held	9,999
% of shares held	99.99%

(i) No shares are reserved for issue under options and contracts/commitments for sale of shares/ disinvestment, which are convertible into equity / preference shares in future as on the date of balance sheet.

(j) No shares have been allotted as fully paid up - pursuant to contract(s) without payment being received in cash or by way of bonus shares and no shares are bought back during 5 years immediately preceding March 31, 2012.

2.2 Trade payables 13,300
Trade payables - Othes (relating to incorporation expenses Rs. 10,300 and Audit fees Rs. 3000)

2.3 Other current liabilities 11,516,550
Advances received from holding company (Sobha Developers Limited) for meeting the expenses relating to processing charges for lease of land

2.4 Other non-current assets 13,300
Unamortized Expenses



Sobha Assets Private Limited
2. Notes on Accounts For The Year Ended 31st March, 2012

[In Rupees]
As at March 31, 2012

Particulars

2.5 Inventories 11,416,540
Work-in-Progress

2.6 Cash and cash equivalents 10
Cash on hand 200,000
Balances with Bank on current account 200,010
Total

2.7 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Opening Stock -
Work-in-Progress
Less: Closing Stock 11,416,540
Work-in-Progress (11,416,540)
Changes in inventories

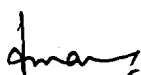
2.8 Other Expenses 11,416,540
Processing Charges 7,300
Rates & Taxes 3,000
Professional and Consultancy Expenses
Auditors' Remuneration 3,000
-Statutory Audit 11,429,840
Total 13,300
Less : Amount transferred to Preliminary expenses 11,416,540
Net Total

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

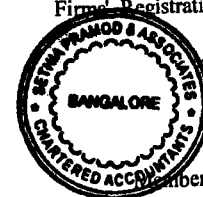
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Ravi PNC Menon
Director



J C Sharma
Director




Pramod Sethia)
Proprietor
Membership No. 223045

Date : 05.05.2012
Place : Bangalore