

S. JANARDHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc., F.C.A.,

Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail : ca.sjassociates@gmail.com

AUDITOR'S REPORT

The Members of
M/s SOBHA DEVELOPERS (PUNE) PRIVATE LIMITED, BANGALORE

We have audited the attached Balance Sheet of **M/S. SOBHA DEVELOPERS (PUNE) PRIVATE LIMITED, BANGALORE**, as at 31st March 2012 and the Profit and Loss account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

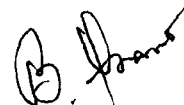


2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

Based on the information and records produced by the Company, we are 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 227 of the Companies Act, 1956 is not applicable. Further to our comments as mentioned above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) 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.
- iii) The Balance Sheet and Profit and Loss account referred to in this report are in agreement with the books of account.
- iv) In our 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, we 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;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, 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 31st March 2012;
 - (b) in the case of the Profit and Loss account, of the Profit for the year ended 31st March 2012

For **M/S. S.JANARDHAN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm's Registration No.0053105



(B. ANAND)
PARTNER

Membership No: 29146

PLACE : BANGALORE
DATE : 05.05.2012

S. JANARDHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
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ANNEXURE

Re: M/s. Sobha Developers (Pune) Private Limited
(Referred to in paragraph 1 of our report of even date)

- 1) The company has no fixed assets and hence provisions of para (i) of the order are not applicable.
- 2) In our opinion, and according to the information and explanation given to us, the company has no inventory except for its agreement to purchase the land and hence provisions of para (ii) of the order are not applicable.
- 3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in register covered under section 301 of the Companies Act, 1956 and hence the provisions of clause (a) to (d) of para (iii) of the order (as amended) are not applicable.

(b) The Company has not taken any loans secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause (e) to (g) of para (iii) of the order (as amended) is not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory. However there are no purchase of fixed assets and sale of goods and services during the year. During the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses and continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- 5) (a) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.0.5 Million in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices.
- 6) The company has not accepted any deposit from the public and as such the provisions of paragraph 4(vi) of the said Order are not applicable.

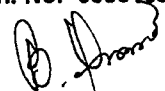


- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) The Company is not required to maintain cost records as prescribed by the Central Government as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- 9) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs duty, Excise Duty, Cess and other material statutory dues as applicable to the company.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the company were in arrears as at 31st March 2012 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 statutory dues, which have not been deposited on account of dispute.
- 10) In our opinion, the company has been registered for a period less than 5 years and hence provisions of para (x) of the order are not applicable.
- 11) According to information and explanations given to us, the Company has not defaulted in respect of dues to banks or financial institutions. There are no debentures holders during the year.
- 12) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence provisions of this clause are not applicable.
- 13) 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.
- 14) 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.
- 15) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from any banks or financial institutions.



- 16) According to information and explanations given to us, in our opinion, the company has borrowed Term Loan during the year and had applied for the purpose for which it has been obtained.
- 17) 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 short-term funds are used for long-term investment.
- 18) During the year the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause xviii of para 4 (as amended) are not applicable.
- 19) During the year the company has not issued any debentures and hence the provisions of this order are not applicable.
- 20) The Company has not raised any monies by way of public issues during the year and hence the provisions of paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 21) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **M/S. S.JANARDHAN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No. 005310S



(B. ANAND)
PARTNER

Membership No: 29146

PLACE : BANGALORE

DATE : 05.05.2012

SOBHA DEVELOPERS (PUNE) PRIVATE LIMITED
E - 106, Sunrise Chambers, 22 Ulsoor Road
Bangalore - 560 042

BALANCE SHEET AS AT MARCH 31ST, 2012

		[In Rupees]	
PARTICULARS	Notes No.	As at 31st March, 2012	As at 31st March, 2011
EQUITIES AND LIABILITIES:			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2.1	526,320	526,320
(b) Reserves and surplus	2.2	928,744,920	877,871,528
		929,271,240	878,397,848
NON-CURRENT LIABILITIES			
(a) Long Term Borrowings	2.3	-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
CURRENT LIABILITIES			
(a) Short Term Borrowings		-	-
(b) Trade Payables	2.4	14,236	5,515
(c) Other Current Liabilities	2.5	1,144,333,418	423,467,062
		1,144,347,654	423,472,577
TOTAL		2,073,618,894	1,301,870,425
ASSETS			
NON-CURRENT ASSETS			
(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:	2.6	5,000	5,000
(e) Other Non-Current Assets	2.7	23,931,878	8,196,781
		23,936,878	8,201,781
CURRENT ASSETS			
(a) Inventories	2.8	1,218,526,091	1,201,110,430
(b) Trade Receivables		-	-
(c) Cash and Cash equivalents	2.9	12,297,446	2,528,671
(d) Short Term Loans and Advances	2.10	815,828,046	90,029,543
(e) Other Current Assets	2.11	3,030,433	-
		2,049,682,016	1,293,668,644
TOTAL		2,073,618,894	1,301,870,425
Significant Accounting Policies and notes	1 & 2		

Note referred above form integral part of the financial statements

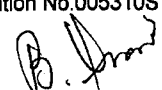
For and on behalf of the Board of Directors of
Sobha Developers (Pune) Private Limited


P Gopalkrishnan
Director


M Radhakrishnan
Director



Subject to our Report of even date
For S. Janardhan & Associates
Chartered Accountants
Registration No. 005310S


(B. Anand)
Partner
Member Ship No. 29146

Date : 05.05.2012
Place : Bangalore

SOBHA DEVELOPERS (PUNE) PRIVATE LIMITED
E - 106, Sunrise Chambers, 22 Ulsoor Road
Bangalore - 560 042

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

[In Rupees]

PARTICULARS	Notes No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
INCOME			
Income from Operation	2.12	496,631,320	-
Other Income	2.13	954,024	74,261
TOTAL		497,585,344	74,261
EXPENSES			
Changes in Inventories of Stock in Trade	2.14	(17,415,662)	(221,110,430)
Operating Expenses	2.15	374,028,401	202,858,311
Finance Cost	2.16	47,029,032	9,310,957
Other Expenses	2.17	28,537,971	14,987,409
TOTAL		432,179,742	6,046,247
TAX EXPENSES			
Current Tax		14,532,210	-
Deferred Tax		-	-
Tax relating to prior years		-	-
PROFIT/(LOSS) FOR THE YEAR		50,873,392	(5,971,986)
Basic & Diluted Earning per Share (Equity Shares of par value of Rs. 1/- each)		96.66	(11.35)
No of shares used in computing earning per share		526,320	526,320
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 Developers (Pune) Private Limited

P Gopalkrishnan
Director

M Radhakrishnan
Director

Date : 05.05.2012
Place : Bangalore

As per our Report of even date
For S.Janardhan & Associates
Chartered Accountants
Firms' Registration No.005310S



(B. Anand)
Partner
Member Ship No.29146


SOBHA DEVELOPERS (PUNE) PRIVATE LIMITED
Cash flow statement for the year ended 31 March 2012

Cash flow from operating activities	31st March, 2012	31st March, 2011
Profit before tax	6,54,05,602	(59,71,986)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	-	-
Interest expense	4,70,29,032	93,10,957
Interest income	(9,54,024)	(74,261)
Operating profit before working capital changes	11,14,80,610	32,64,710
Movements in working capital :		
Increase/ (decrease) in trade payables	8,721	(9,51,25,114)
Increase/ (decrease) in other current liabilities	70,40,71,224	42,13,19,325
Decrease / (increase) in inventories	(1,74,15,661)	(22,11,10,430)
Decrease / (increase) in other assets	(30,28,784)	(3,351)
Decrease / (increase) in loans and advances	(72,58,05,930)	(9,00,22,116)
Cash generated from / (used in) operations	6,93,10,180	1,83,23,024
Direct taxes paid (net of refunds)	(95,403)	(7,427)
Net cash flow from/ (used in) operating activities (A)	6,92,14,777	1,83,15,597
Cash flows from investing activities		
Investments in bank deposits (having original maturity of more than three months)	(1,48,78,125)	(81,25,000)
Interest received	95,403	7,427
Net cash flow from/ (used in) investing activities (B)	(1,47,82,722)	(81,17,573)
Cash flows from financing activities		
Interest paid (gross)	(4,46,63,280)	(77,97,258)
Net cash flow from/ (used in) in financing activities (C)	(4,46,63,280)	(77,97,258)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	97,68,775	24,00,766
Cash and cash equivalents at the beginning of the year	25,28,671	1,27,905
Cash and cash equivalents at the end of the year	1,22,97,446	25,28,671
Components of cash and cash equivalents:		
Cash on hand	1,06,797	98,000
Cheques/ drafts on hand		
With banks- on current account	1,21,90,649	24,30,671
Total cash and cash equivalents (note 2.9)	1,22,97,446	25,28,671

Note referred above form integral part of the financial statements

For and on behalf of the Board of Directors of
Sobha Developers (Pune) Private Limited

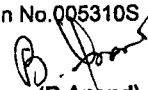

P Gopalkrishnan
Director


M Radhakrishnan
Director

Date : 05.05.2012
Place : Bangalore

As per our Report of even date
For S. Janardhan & Associates
Chartered Accountants
Firm Registration No. 005310S




(B. Anand)
Partner
Member Ship No. 29146

SOBHA DEVELOPERS(PUNE) PRIVATE LIMITED, BANGALORE

1. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 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 Recognition of income from land and construction activity:

Income from Land and Construction of each Real Estate Development Project is recognized:

(a) On the basis of "Percentage Completion Method"

- (1) The percentage completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs.
- (2) When the stage of completion of each project reaches a significant level, which is estimated to be at least 25% of the total estimated construction cost of the project, and

(b) On entering into agreement with customers and

(c) On collection of the amount from the customer in equal or excess of 10% of the total sale value

1.3 Inventory:

Direct expenses like site labour cost, materials used for project construction, costs for moving the plant and machinery to the site and general expenses incurred specifically for the respective project like insurance, design and technical assistance and construction overheads are taken as the contract cost of the respective project.

Direct Interest cost is treated as a part of land cost/contract cost of the respective project.

Work-in-progress – Real Estate Projects: Represents the cost incurred in respect of unsold area of the Real Estate Development Projects and cost incurred on projects where the revenue is yet to be recognized.

1.4 Operating Cycle :

The financial statements are prepared as per the revised Schedule VI notified under the Companies Act, 1956 and the statements are prepared based on the operating cycle of the firm. The firm has estimated the operating cycle period as four years for completion of the projects, on the basis of the past experience of the group.



1.5 Provisions :

Provision is made for all known obligations existing as on the balance sheet date based on the best estimates, which are reviewed and adjusted at each balance sheet date.

1.6 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 income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.7 Retirement Benefit:

The Company has not employed any employees during the year and hence disclosures relating to employees benefit are not applicable.

1.8 Treatment of Contingent Liabilities:

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

1.9 Borrowing Costs:

Borrowing costs are recognized as an expenses in the year in which they are incurred except which are directly attributable to acquisition/construction of fixed assets, till the time such assets are ready for use, allocated to the inventories, in which case the borrowing costs are capitalized/inventorized as part of the cost of assets/inventory.

1.10 General :

Accounting policies not specifically referred to above are consistent with the Generally Accepted Accounting Principles.



2.1 SHARE CAPITAL

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Authorised: Equity Share of Rs. 1/- par value 8,00,000 (8,00,000) Equity Shares	800,000	800,000
Issued, Subscribed and Paid up: Equity Share of Rs. 1/- par value 5,26,320 (5,26,320) Equity shares fully paid up	526,320	526,320

The Company has only one class of Shares referred to as Equity Shares having a par value of Rs.1/-. Each shareholder of equity shares is entitled to one vote per share.

The Company has not declared any dividend during the year.

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, 2012 and March 31, 2011 is set out below:

Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% held	No. of Shares	% held
Pan Atlantic Investment Limited	-	0.00000%	426,320	81.00%
Sobha Developers Limited	526,319	99.9998%	100,000	19.00%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011 is set out below:

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
No. of shares at the beginning	526,320	526,320	526,320	526,320
Add: Shares issued during the year	-	-	-	-
No. of shares at the end	526,320	526,320	526,320	526,320

2.2 RESERVES AND SURPLUS

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Share Premium Account		
Opening Balance	883,921,405	883,921,405
Add: Transferred during the current year	-	-
Closing Balance	883,921,405	883,921,405
Surplus/(Deficit) in the Profit and Loss statement		
Opening Balance	(6,049,877)	(77,891)
Add: Profit/(Loss) for the year	50,873,392	(5,971,986)
Net Surplus/(Deficit)	44,823,515	(6,049,877)
Total	928,744,920	877,871,528



2.3 LONG-TERM BORROWINGS

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Term Loan from ICICI Bank Ltd, secured - Ref notes no.2.28	655,000,000	250,000,000
Total	655,000,000	250,000,000
Less : Amount shown under other current liabilities- Ref notes no.2.5	655,000,000	250,000,000
Total	655,000,000	250,000,000
Net Total	-	-

2.4 TRADE PAYABLES

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Trade Payables - Others	14,236	5,515
Total	14,236	5,515

2.5 OTHER CURRENT LIABILITIES

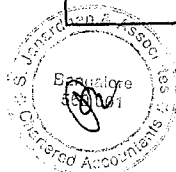
Particulars	As at	As at
	March 31, 2012	March 31, 2011
Advances received from customers	461,913,750	165,102,586
Withholding tax payable	7,410,518	6,850,608
Other liabilities	1,700,319	169
Interest accrued and not due to bank	3,879,451	1,513,699
Income Tax payable (net)	14,429,380	-
Total	489,333,418	173,467,062
Current Maturities of Long-term Borrowings -Ref note no.2.3	655,000,000	250,000,000
Total	1,144,333,418	423,467,062

2.6 LONG TERM LOANS AND ADVANCES -(Unsecured, considered good)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Deposits with statutory agencies	5,000	5,000
Total	5,000	5,000

2.7 OTHER NON CURRENT ASSETS

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Interest receivable from a bank on the deposits with maturity period of more than twelve months	925,455	66,834
Unamortized Expenses	3,298	4,947
Non-current bank balances - Ref note 2.9	23,003,125	8,125,000
Total	23,931,878	8,196,781



2.8 Inventories

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Work-in-Progress	309,006,398	221,110,430
Land Stock	909,519,693	980,000,000
Total	1,218,526,091	1,201,110,430

2.9 CASH AND CASH EQUIVALENTS

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Cash on hand	106,797	98,000
Balances with Banks on current and escrow accounts	12,190,649	2,430,671
Total	12,297,446	2,528,671
Deposit with banks with maturity of more than 12 months	23,003,125	8,125,000
Total	23,003,125	8,125,000
Less: amount shown under other non-current assets - Ref note 2.7	23,003,125	8,125,000
Total	12,297,446	2,528,671
Net Total		

2.10 SHORT TERM LOANS AND ADVANCES

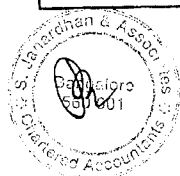
Particulars	As at	As at
	March 31, 2012	March 31, 2011
Advances paid to Holding Company, for supply of goods and rendering of services	728,837,268	57,804,482
Advance paid - Other related party	-	200,000
Balances with statutory/government authorities	86,989,028	32,017,634
Other advances	1,750	-
Advance Income Tax and tax deducted at source(net)	-	7,427
Total	815,828,046	90,029,543

2.11 OTHER CURRENT ASSETS

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Unbilled Revenue	3,030,433	-
Total	3,030,433	-

2.12 INCOME FROM OPERATION

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Income from Development and construction operations	496,231,320	-
Other Operational Income	400,000	-
Total	496,631,320	-



2.13 OTHER INCOME

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Interest received on Deposits with Banks (Gross) (TDS Rs.95,403)(Previous Year Rs.7427)	954,024	74,261
Total	954,024	74,261

2.14 CHANGES IN INVENTORIES OF STOCK IN TRADE

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Opening Stock		
Work-in-Progress	221,110,430	-
Land Stock	980,000,000	980,000,000
	1,201,110,430	980,000,000
Less: Closing Stock		
Work-in-Progress	309,006,399	221,110,430
Land Stock	909,519,693	980,000,000
	1,218,526,092	1,201,110,430
Changes in Inventories of Stock in Trade	(17,415,662)	(221,110,430)

2.15 OPERATING EXPENSES

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Subcontracting expenses	374,028,401	202,858,311
Total	374,028,401	202,858,311

2.16 FINANCE COST

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Bank Charges	3,830	6,016,436
Interest	47,025,202	3,294,521
Total	47,029,032	9,310,957

2.17 OTHER EXPENSES

Particulars	for the year ended	for the year ended
	March 31, 2012	March 31, 2011
Rates & Taxes	26,416	6,025
Professional and Consultancy Expenses	88,250	16,162
Sales Commission	28,411,397	14,957,598
Miscellaneous Expenses	1,908	2,624
Auditors' Remuneration		
-Statutory Audit	10,000	5,000
Total	28,537,971	14,987,409



- 2.18 Fixed Assets: The Firm has no fixed assets during the accounting period.
- 2.19 The statements have been prepared for the accounting period April 1, 2011 to March 31, 2012.
- 2.20 Balances due with Group Companies are subject to reconciliation.
- 2.21 The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.
- 2.22 Impairment of Assets:
- Pursuant to Accounting Standard (AS28) – Impairment of Assets issued by the Institute of Chartered Accountants of India, the Firm assessed its fixed assets for impairment as at March 31, 2011 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.
- 2.23 Preliminary expenses will be written off over a period of 5 years after the company commences its business.
- 2.24 There is no expenditure or earnings in Foreign exchange during the period.
- 2.25 Deferred Tax:
- Deferred tax has not been recognized in the books of accounts as a matter of prudence.
- 2.26 There are no contingent liabilities during the accounting period, except for the second charge on the receivable of the project, Sobha Forest View, as a security to the facility extended by ICICI Bank Limited to a other related party.
- 2.27 Audit fees paid is as under:
- | | (in Rupees) | |
|-----------------|-------------|------------|
| | 31.03.2012 | 31.03.2011 |
| Statutory Audit | 10,000 | 5,000 |
| Service Tax | 1,236 | 515 |
- 2.28 The Company has availed a Term Loan from M/s ICICI Bank Ltd and such loan is secured against equitable mortgage of property wherein the Sobha Forest View is being constructed, along with the proposed building thereon and receivables, cashflows, revenues (Including booking amounts) arising out of or in connection with Sobha Forest View Project. The term loan facility to be repayable in eighteen monthly installments as per the schedule agreed to and carries interest rate in the range of 12.5% to 15%, which is subject to change as per the banking norms. Sobha Developers Limited has given corporate guarantee to the bank, for the facility provided.
- 2.29 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.
- 2.30 The Company is mainly engaged in the business of Real Estate Development and construction of properties and projects and therefore segment reporting as required under Accounting Standard AS 17 is not applicable.
- 2.31 In the opinion of Board of Directors, all current and non-current assets and Loans and advances have at least the value as stated in the balance sheet, if realized in the normal course of business.



- 2.32 Interest amounting to Rs 47,025,202 /- has been included in the project cost.
- 2.33 Loans and advances include a sum of Rs. 72,88,37,268 due from M/s Sobha Developers Ltd (holding company) (Maximum Balance due during the year Rs.79,32,14,895 Previous year Rs.29,77,07,426/-) and Rs.Nil- due from M/s Sobha Glazing and Metal Works Private Ltd (a group company) (Maximum Balance due during the year Rs.2,00,000/- .Previous year Rs. 2,00,000/-)
- 2.34 The provision of Gratuity and other related acts are not applicable and hence no such provisions are made.
- 2.35 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.
- 2.36 The disclosure in respect of projects wherever the contract revenue has been recognized, cost incurred and other details as required under AS-7 on Construction Contracts are given under:

Particulars	March 31, 2012	March 31, 2011
Contract Revenue recognized as revenue in the period	352,970,234	-
Contract Cost incurred and recognized Profits (less recognized Losses) upto the reporting date	576,886,712	202,858,311
Advances received	382,639,296	20,690,769
Gross amount due from customers for contract work	3,030,433	-

2.37 Earnings per Share:

- a) Basic Earnings per share is calculated by dividing the net profit attributable to the ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year.
- b) The following reflects the income and share data used in the computation of Basic Earnings per share.

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
Amount used as the numerator Net Profit attributable to the ordinary Shareholders for Basic Earnings per Share	5,08,73,392	(59,71,986)
No of Ordinary Shares used as denominator Weighted average number of ordinary shares in issue applicable to Basic earnings per Share	526,320	526,320

2.38 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. M. Radhakrishnan
Mr .P. Gopalkrishnan



Other Related Parties
Sobha Developers Limited
Sobha Glazing and Metal Works Private Limited.
Sobha Puravankara Aviation Private Limited.

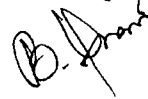
b) Transactions with Related Parties

(In Rs.)

Nature of transaction	Description of relationship	Name of the Related party	March 31, 2012	March 31, 2011
Purchase of goods and services	Other Related Parties	Sobha Developers Limited	457,118,134	24,68,84,413
Balance Receivable	Other Related Parties	Sobha Developers Ltd	728,837,268	5,78,04,482
	Other Related Parties	Sobha Glazing and Metal Works Private Ltd	Nil	2,00,000

Signature to significant accounting policies and Notes to accounts

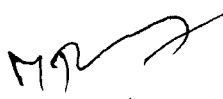
As per report of even date
For S Janardhan & Associates
Chartered Accountants
Firm's Registration No.005310S



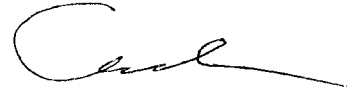
B. Anand
Partner
Membership No.29146



for and on behalf of the Board
Sobha Developers (Pune) Private Limited



M. Radhakrishnan
Director



P. Gopalkrishnan
Director

Place: Bangalore
Date: 05.05.2012.