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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

Background:

Alekhya Property Developments Private Limited ('the Company') was incorporated on 08th day of August 2011 under the provisions of the Companies Act, 1956. The Company is engaged in the business of property development and land acquisition activities.

1. Significant Accounting Policies :

1.1 Basis of Preparation :

The Financial Statements have been prepared under the historical Cost Convention, which is in accordance with the generally accepted Accounting Principles and the provisions of the Companies Act 1956. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred under section 211 (3C) of the Companies Act, 1956.

The Company has been consistently following the accrual basis of accounting in respect of its income and expenditures.

The accounts are prepared on the basis of Going Concern concept.

1.2 Use of Estimates :

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements.

1.3 Inventories :

Expenditure incurred during the year amounting to Rs. 10,95,16,438/- relating to construction activity or incidental thereto has been treated as Work in Progress under the head 'Inventories'.

1.4 Revenue Recognition :

Revenue from real estate under development/ sale of developed property will be recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue will be recognised on percentage of completion method, when the stage of completion of each project reaches a significant level which is estimated to be atleast 25% of the total estimated construction cost of the Project. Revenue will be recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

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1.5 Fixed Assets & Depreciation :

As on date, the company does not own any fixed assets.

1.6 Foreign Currency Transactions :

During the year, there were no foreign currency transactions.

1.7 Earning per Share :

Basic earnings per share will be calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes) by the average number of equity shares outstanding during the year. Presently, the company is not generating any revenues.

1.8 Taxation :

There are no tax expenses for the year, since the company has not earned any profits during the year from the commercial activity.

1.9 Impairment of Assets :

The Company assess at each Balance Sheet date whether there is any indication that any of the assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an Impairment loss and is recognized in the profit and loss account. As on the Balance Sheet date the Company assessed for impairment of assets and found no indication of impairment of assets as per Accounting Standard (AS-28).

1.10 Provisions and Contingent Liabilities/ Assets:

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

No contingent liabilities/assets estimated as on the balance sheet date.

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2. Notes on Accounts:

a) Taxes on income and Deferred tax:

The company has made nil provision for income tax during the year.

b) Related Party Disclosure:

As per Accounting Standard (AS-18) on "Related Party Disclosures", the disclosure of transactions with the related party as defined in the Accounting Standard are given below :-

i. List of Related parties with whom transactions have taken place and relationship:

Key Management Personnel	➤ B.M. Jayeshankar ➤ B.M. Karunesh
Enterprises owned or significantly influenced by KMP or their relatives	➤ Adarsh Developers (A Partnership Firm)

ii. Transactions during the year with related parties:

(Rupees in Lakhs)

Particulars	Name of the related parties	Current Year	Previous Year
Advances Received	Adarsh Developers	1186.50	405.19
Advances Paid	Adarsh Developers	5102.23	6914.16

iii. Balances with the related parties

(Rupees in Lakhs)

Loans and advances payable	Current Year	Previous Year
Adarsh Developers	(10720.28)	(6804.55)

Note: Related parties are as identified by the Management and relied upon by the auditors.

c) Earnings per Share (in Rs.):

Particulars	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Net (Loss) as Per Statement of Profit and Loss attributable to Equity Shareholders.	Nil	Nil
Weighted Average Nos. of Equity Share Outstanding	- N.A. -	- N.A. -
Earnings Per Share	Nil	Nil
Basic and diluted Earnings per share	Nil	Nil

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d) Contingent Liability:

i) The company has created charge on certain assets as security and has also given corporate guarantee to M/s ICICI Bank Limited for the loan of Rs 80 Crores lent by M/s ICICI Bank Limited to M/s Adarsh Developers, amt of Rs 80 Crores, where M/s Adarsh Developers is the promoter of the company.

e) Preliminary & Pre-operative Expenditure:

Preliminary & Pre-operative expenditure incurred till date amounting to Rs.36, 058 /- has not been written off during the year as the company is yet to generate revenue from its business operations. The same will be amortized over a period of five years from the year in which revenues are derived from business operations.

f) Land & related costs :

Land owned by the company is classified under 'Other Current Assets', such land is held with an intention of development.

g) Interest income charged off to work in progress as the same is on account of deposit held for loan components and is not in the nature of interest income.

h) Due to Micro, Small and Medium Enterprises:

To the extent information available with the company, Sundry Creditors include Rs nil, (Previous year Nil) due to Small Scale Industrial Undertaking.

The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.

i) In the opinion of the management, Current Assets & Loans and Advances have a value not less than what is stated in the accounts if realized in the ordinary course of business.



Note: 1

- j) Previous year's figures have been regrouped / reclassified wherever necessary to confirm with current year's classification.

For Alekhya Property Developments Private Limited



B.M. Jayeshankar
Director

Place: Bangalore

Date: 5th September 2016



B.M. Karunesh
Director

For P.D. Sarang & Associates

Chartered Accountants

Firm Reg No: 013423S



P.D. Sarang
Proprietor

Membership No.127268



INDEPENDENT AUDITORS' REPORT

To

The Members of
M/s. ALEKHYA PROPERTY DEVELOPMENTS PRIVATE LIMITED
No. 10, Vittal Mallya Road,
Bangalore
560 001.

Report on the Financial Statements

We have audited the attached financial statements of M/s. ALEKHYA PROPERTY DEVELOPMENTS PRIVATE LIMITED (the Company), which comprise the Balance Sheet as at 31st March 2016 and profit and loss account for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position; financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act; read with Rule 7 of the Companies (Accounts) Rules, 2014 of the Ministry of Corporate Affairs. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India and also in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act 2013. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the financial statements.

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:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (ii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the Annexure as statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate report in "Annexure B"; and
 - (ii) 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 for the year ended 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 for the year ended, comply with the Accounting Standards referred to in Sec 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

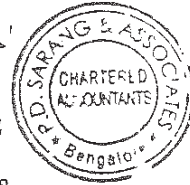


e. On the basis of written representations received from the Directors and taken on records by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March 2016 from being appointed as Directors of the Company under Sec 164 (2) of the Companies Act 2013.

f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

- (i) The Company does not have any pending litigations which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
- (iii) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund

For P.D. SARANG & ASSOCIATES
Chartered Accountants



Place: Bangalore
Date: 05.09.2016

P.D SARANG
Proprietor
M. No. 127268
Firm Registration No. 013423

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that

1. In respect of Fixed Assets:
The Company does not have fixed assets and hence paragraph 3(i) of the Order is not applicable.
2. In respect of inventory:
 3. Expenditure incurred during the year amounting to Rs. 109,516,438/- relating to construction activity or incidental thereto has been treated as Work in Progress under the head 'Inventories'
4. In respect of the loans, secured or unsecured, granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'),
 - a) The Company has granted interest free unsecured advances in the nature of loan to companies, firms or other parties which are covered in the register maintained under section 189 of the Act. In respect of the said loan, the year-end balance is Rs.107.20 Crores.
 - b) According to the information and explanations given to us, no terms of interest are stipulated. The terms of arrangements do not stipulate any repayment schedule and loans are payable on demand.
 - c) There are no overdue amounts of more than rupees one lakh in respect of the loans granted.
4. 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. During the course of our audit, we have not observed any continuing failure to correct the major weakness in internal control system of the company.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, or any other relevant provisions of the Companies Act and the rules framed thereunder.
6. As informed to us, the Central Government has not prescribed maintenance of cost

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records under section 148 of the Act, in respect of the activities carried on by the Company.

7.
 - a) According to the information and explanations given to us, undisputed Statutory dues including the Provident fund, employees' State Insurance, Income tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities .
 - b) According to the information and explanation given to us, there are no undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues which were outstanding at the year end, for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under, accordingly paragraph 3 (vii) (c) of the Order is not applicable to the company.
8. The Company does not have any accumulated losses as at 31st March, 2016 and it has not incurred cash losses in the current financial year and in the immediately preceding financial year.
9. 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 or bank or debenture holders.
10. In our opinion and according to the information and explanations given to us, the company has not given any corporate guarantee for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.

[Handwritten mark]

12. 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 year.

Place: Bangalore
Date: 05.09.2016

For P.D. SARANG & ASSOCIATES
Chartered Accountants



P.D SARANG
Proprietor
M. No. 127268
Firm Registration No. 013423 S

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting M/s. ALEKHYA PROPERTY DEVELOPMENTS PRIVATE LIMITED ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

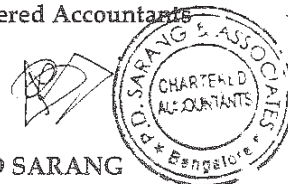
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bangalore
Date: 05.09.2016

For P.D. SARANG & ASSOCIATES
Chartered Accountants



P.D SARANG
Proprietor
M. No. 127268
Firm Registration No. 013423S