

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:

1. Significant Accounting Policies:

(a) Background

Parth Constructions Private Limited ('the Company' or 'PARTH') was incorporated on 25th October, 2007 under the provisions of the Companies Act, 1956. The Company is engaged in the business of land acquisition activities and development of residential apartments.

(b) Basis of Preparation:

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention using the accrual method of accounting and complied with the mandatory Accounting Standard notified by Central Government of India under the Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act 1956. Pursuant to circular 15/2013 dated September 13, 2013 read with Circular 08/2014 dated April 4, 2014, till the standards of Accounting or any addendum thereto are presented by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 1956.

(c) 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. Actual results could differ from these estimates, difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

(d) Inventories:

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction year is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction year which is neither related to the construction activity nor is incidental thereto is charged to the profit and loss account. Cost incurred/ items purchased specifically for project is taken as consumed as and when incurred/ received.



Work-in-progress - Real estate projects: Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised.

(e) Revenue Recognition:

Revenue from real estate projects is recognised upon transfer of all significant risks and rewards of ownership of such real estate / property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements. Where the company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the "percentage of completion" method only if the following thresholds have been met:

- All critical approvals necessary for the commencement of the project have been obtained.
- The expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs.
- At least 25 % of the saleable project area is secured by contracts/agreements with buyers.
- At least 10 % of the contracts/agreements value are realised at the reporting date in respect of such contracts/ agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue and project costs associated with the real estate project are recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

All expenses incurred on development activities are capitalized under Capital work-in-progress.

- A. Service income is recognised as per terms of the contract on completion of services.
- B. Interest Income is recognised on a time proportion basis by taking into account the amount outstanding and the applicable rate of interest.
- C. Other income is recognised when such income accrues to the Company.

(f) Fixed Assets, Depreciation :

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its present location and working condition including the cost of finance specifically borrowed for acquisition or construction of the asset.



Depreciation on Fixed Assets is calculated on a written down value method, at the rates prescribed in Schedule XIV of the Companies Act 1956. Depreciation on additions to fixed assets is provided proportionate to the number of days put into use.

The following rates and in the manner specified in Schedule XIV to the Companies Act, 1956 as stated below:

Asset Description	Rates of depreciation
Computers and software	40.00%
Interiors & Furnishings	18.10%
Furniture and Fixtures	18.10%
Office Equipments	13.91%

(g) 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).

(h) Taxation:

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. Current income tax expense is determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefit in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized and carried forward to the extent that there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the income statement in the year of enactment of the change.



(i) Earnings/(Loss) 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 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.

(j) Cash and Cash Equivalents:

Cash and cash equivalents comprise cash, bank current accounts, and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investments.

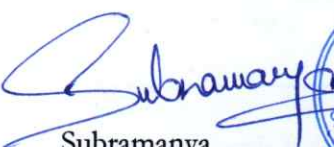
(k) Provisions and Contingent Liabilities and Assets:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on 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.

Contingent liabilities are not recognised and, if any, are adequately disclosed in the notes to accounts.

As per my even report
for Subramanya & Co.,

for and on Behalf of Board of Directors


Subramanya
Chartered Accountant

M. No: 233648





Gopal Pandurang Shinde
Director
DIN: 00372539



Sanjeet Vijaykumar Raut
Director
DIN: 02788353

Place: Bangalore
Date: 03/09/2014