

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of ARTHVEDA NORTHSTAR (BANGALORE) REALTY PRIVATE LIMITED Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **ARTHVEDA NORTHSTAR (BANGALORE) REALTY PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss for the year ended and a summary of the significant accounting policies and other explanatory information which we have signed under reference to this report.

### **Management's Responsibility for the Standalone 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2018 and,
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended March 31, 2018.

### **Other Matter**

As the Company has not commenced the Commercial Operations during the FY 2017-18, all expenses, including general administrative expenditure incurred, Depreciation charged against Fixed Assets have capitalized under the head pre-operative period expenses till the commencement of Commercial Operations. Further, decision regarding the appointment of such accumulations amongst the cost of projects undertaken by the company or otherwise to write off of such expenses, will be taken at the time of commencement of Commercial Operations.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, the company has adequate internal controls and they are operating effectively.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has no pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. The Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, is not applicable to the company.

For **Komandoor & Co LLP**  
**Chartered Accountants**  
(Firm's Registration No. 001420S/S200034)



CA K NARASIMHAN  
Membership.No: 021345  
Partner



Place: Hyderabad  
Date: September 03, 2018.

**Arthveda Northstar(Bangalore) Realty Pvt Ltd**

**CIN - U70100MH2012PTC227187**

**GROUND FLOOR, HDIL TOWERS, ANANT KANEKAR MARG, BANDRA (EAST) MUMBAI - 400051**

**Balance Sheet as at 31st of March, 2018**

Particulars		Note No.	As at 31 March, 2018	As at 31 March, 2017
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	100,000	100,000
	(b) Reserves and surplus	4	(144,581)	(124,881)
			(44,581)	(24,881)
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	56,392,000	47,974,000
	(b) Deferred tax liabilities (net)	19	(829)	
			56,391,171	47,974,000
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	6	9,883,505	6,453,505
	(b) Trade payables	7	26,915	20,147
	(c) Other current liabilities	8	5,470,626	7,000,001
	(d) Short-term provisions			
			15,381,045	13,473,653
	<b>TOTAL</b>		<b>71,727,636</b>	<b>61,422,772</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	9	11,500	23,000
			11,500	23,000
<b>2</b>	<b>Current assets</b>			
	(a) Trade receivables		-	-
	(b) Cash and cash equivalents	10	2,955,149	3,274,092
	(c) Short-term loans and advances	11	3,324,459	2,265,525
	(d) Other current assets	12	65,436,528	55,860,154
			71,716,135	61,399,771
	<b>TOTAL</b>		<b>71,727,635</b>	<b>61,422,771</b>
	See accompanying notes forming part of the financial statements	1&2		

In terms of our report attached.

For Komandoor and CO LLP

Chartered Accountants

*K. Narasimhan*

**K. Narasimhan**

Partner

(Membership No.021345)

Place: Hyderabad

Date: 03-09-2018



For and on behalf of the Board of Directors

*A Khan*

Director



*A. K. Karle*

Director

**Arthveda Northstar(Bangalore) Realty Pvt Ltd**

**CIN - U70100MH2012PTC227187**

**GROUND FLOOR, HDIL TOWERS, ANANT KANEKAR MARG, BANDRA (EAST) MUMBAI - 400051**

**Statement of Profit and Loss for the year ended 31 March, 2018**

	No te No	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>CONTINUING OPERATIONS</b>			
Revenue from operations (gross)		-	-
Revenue from operations (net)		-	-
Other income			
<b>Total revenue</b>		-	-
<b>Expenses</b>			
(a) Change in Inventories	13	(9,576,374)	(29,885,944)
(b) Employee benefits expense	14	725,400	1,845,809
(c) Construction Cost	15	403,633	20,435,432
(d) Depreciation and amortisation expense	8	11,500	11,500
(e) Finance costs	16	8,033,288	6,347,336
(f) Other expenses	17	422,726	1,263,167
<b>Total expenses</b>		<b>20,173</b>	<b>17,300</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>-20,173</b>	<b>-17,300</b>
Exceptional/Extraordinary items		-	-
<b>Profit / (Loss) before tax</b>		<b>-20,173</b>	<b>-17,300</b>
<b>Tax expense:</b>			
(a) Current tax expense for current year			
(b) Deferred tax	18	-474	-
		-473.51	-
<b>Profit / (Loss) from continuing operations</b>		<b>-19,700</b>	<b>-17,300</b>
<b>Profit / (Loss) from discontinuing operations</b>		<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS</b>		<b>-19,700</b>	<b>-17,300</b>
<b>Profit / (Loss) for the year</b>		<b>-19,700</b>	<b>-17,300</b>
<b>Earnings per share (of `10/- each):</b>			
(a) Basic		(1.97)	(1.73)
(i) Continuing operations		(1.97)	(1.73)
(ii) Total operations			
<b>See accompanying notes forming part of the financial statements</b>	<b>1&amp; 2</b>		

In terms of our report attached.

**For Komandoor and Co LLP**

**Chartered Accountants**

*K. Narasimhan*

**K. Narasimhan**

Partner

(Membership No.021345)

Place: Hyderabad

Date: 03-09-2018



**For and on behalf of the Board of Directors**

*A Khan*

**Director**

*Usha Kante*

**Director**





**Arthveda Northstar(Bangalore) Realty Pvt Ltd**  
**Notes forming part of the financial statements**

Note	Particulars
<b>1 Corporate information</b>	M/s. <b>Arthveda Northstar(Bangalore) Realty Pvt Ltd</b> is dealing Real estate activities with own or leased property. [This class includes buying, selling, renting and operating of self-owned or leased real estate such as apartment building and dwellings, non-residential buildings, developing and subdividing real estate into lots etc. Also included are development and sale of land and cemetery lots, operating of apartment hotels and residential mobile home sites.
<b>2 Significant accounting policies</b>	
<b>2.1 Basis of accounting and preparation of financial statements</b>	<p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p>
<b>2.2 Use of estimates</b>	<p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.</p>
<b>2.3 Depreciation and amortisation</b>	<p>Depreciation has been provided as per the useful life of the asseets as prescribed in Schedule II to the Companies Act, 2013.</p>
<b>2.4 Revenue recognition</b>	<p><u>Income from services</u></p> <p>Revenues from Professional services rendered priced on a time basis are recognised on completion of services rendered and related costs are incurred. Sales excludes service tax. However company has not rendered any services or sold any goods during the Financial Year</p>

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**2.5 Tangible fixed assets**

Fixed assets are carried at cost less accumulated depreciation . The cost of fixed assets includes incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**2.6 Foreign currency transactions and translations**

The Company has not involved in any foreign exchange transactions during the previous year.

**2.7 Employee benefits**

The Company is not contributing towards employee provident fund as it is not covered under Employee provident Act 1952.

**2.90 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**2.10 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

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Note 3 Share capital

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	₹	Number of shares	₹
(a) Authorised 10000 Equity shares of ₹ 10 each with voting rights	10,000	100,000	10,000	100,000
(b) Issued # 10000 Equity shares of ₹ 10 each with voting rights	10,000	100,000	10,000	100,000
(c) Subscribed and fully paid up 10000 Equity shares of ₹ 10 each with voting rights	10,000	100,000	10,000	100,000

Note 3 (contd.)

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

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Closing Balance
Equity shares with voting rights <u>Year ended 31 March, 2018</u>		-	-	-	
- Number of shares	10,000	-	-	-	10,000
- Amount (₹)	100,000	-	-	-	100,000
<u>Year ended 31 March, 2017</u>					
- Number of shares	10,000	-	-	-	10,000
- Amount (₹)	100,000	-	-	-	100,000

Note

The Company has only one class of equity shares having face value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. Equity shares holders are also entitled to dividend as and when proposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts which shall be in proportion to the number of shares held by the Shareholders.

Note 3 (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Vistra ITCL (INDIA) Limited	9990	99%	9999	99%

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Note 4 Reserves and surplus

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
(i) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(124,881)	(107,581)
Add: Profit / (Loss) for the year	(19,700)	(17,300)
Closing balance	-144,581	-124,881
Total	-144,581	-124,881

Note-5

Long-term borrowings

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
15% Optionally Fully convertible Debentures*	56,392,000	47,974,000
Total	56,392,000	47,974,000

\* Optionally convertible into equity shares after 5 years

Note-6

Short-term borrowings

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Loan from Related Parties	-	-
- Unsecured Loan from related parties (refer note 5a)	9,883,505	6,453,505
Total	9,883,505	6,453,505

Note: 6a

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Loan from Related Parties	-	-
- Kajal Ghose	330,000	
- Cubatic Shimul Developers Pvt Ltd	8,053,505	
- Cubatic Housing Pvt Ltd	1,500,000	
Total	9,883,505	6,453,505

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Arthveda Northstar(Bangalore) Realty Pvt Ltd  
Notes forming part of the financial statements

Note-7

TRADE PAYABLES

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
MSME	-	-
Others	26,915	20,147
<b>Total</b>	<b>26,915</b>	<b>20,147</b>

Note-8

OTHER CURRENT LIABILITY

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Interest Payable On OFCD	5,316,091	5,712,603
Statutory Dues Payable	33,985	1,144,583
Other Payable	120,550	142,815
<b>Total</b>	<b>5,470,626</b>	<b>7,000,001</b>

Note-10

Other Current Assets

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
<b>Closing Stock:</b>		
Work in progress	65,436,528	55,860,154
<b>Total</b>	<b>65,436,528</b>	<b>55,860,154</b>

Note-11

SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Loans & Advances		1,810,025
- Advance to Parties	2,855,000	
Deposits	455,500	455,500
GST Input	13,959	
<b>Total</b>	<b>3,324,459</b>	<b>2,265,525</b>

Note-12

CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Balance with bank	2,952,824	3,263,083
Cash on hand	2,325	11,009
<b>Total</b>	<b>2,955,149</b>	<b>3,274,092</b>

*(Signature)*



Notes forming part of the financial statements

Note 10 Fixed assets

A.	Tangible assets	Gross block				Accumulated depreciation and				Net Block		
		Balance as at 1 April, 2017	Additions before 01-09-2017	Deletions on or after 01-09-2017	Balance as at 31 March, 2018	Balance as at 1 April, 2017	Depreciation / amortisation expense for the year	Balance as at 31 March, 2018	Balance as at 31 March, 2017	Depreciation / amortisation expense for the year	Balance as at 31 March, 2018	Balance as at 31 March, 2017
	(a) Furniture and Fixtures Owned	-	-	-	-	-	-	-	-	-	-	-
	(c) Others	-	-	-	-	-	-	-	-	-	-	-
	Computers	34,500	-	-	34,500.00	11,500	11,500	23,000	23,000	11,500	11,500	11,500
	<b>Total</b>	<b>34,500</b>	<b>-</b>	<b>-</b>	<b>34,500</b>	<b>11,500</b>	<b>11,500</b>	<b>23,000</b>	<b>23,000</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>

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Arthveda Northstar(Bangalore) Realty Pvt Ltd  
Notes forming part of the financial statements

Note-13

Changes in Inventory of Finished goods		
Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>Inventories at the end of the year:</b>		
Stock-in-trade	39,462,318	29,885,944
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	29,885,944	-
Change in Inventory of Finished Goods	-9,576,374	-29,885,944

Note 14 Employee benefits expense

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	₹	₹
Salaries and wages	725,400.00	1,845,809.00
Staff welfare expenses		
<b>Total</b>	<b>725,400.00</b>	<b>1,845,809.00</b>

Note 15

CONSTRUCTION COST

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Dismantling Charges	250,000	-
Liasioning Expenses	140,000	-
Land Cost	-	19,365,790
Construction Cost	-	563,345
Power Charges	13,633	3,991
Registration Charges	-	172,400
Site Expenditure	-	329,906
<b>Total</b>	<b>403,633</b>	<b>20,435,432</b>

 





**Note 16 Finance costs**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	₹	₹
(a) Interest expense on:		
(i) Interest on OFCD	8,033,287.62	6,347,336.00
<b>Total</b>	<b>8,033,287.62</b>	<b>6,347,336.00</b>

**Note-17****OTHER EXPENSES**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹	₹
Auditors remuneration (Ref Note No. 18.1)	19,700	17,300
Professional tax		2,500
ROC Filing Charges		12,404
Office & Administration Exp	154,232	744,089
Bank charges	730	1,124
Business Promotion		15,000
Office Rent	116,875	
Telephone & Internet Expenses	2,000	
Interest on TDS	121,367	
Consultancy Fee		465,750
Conveyance	1,870	
Postage & Courier Charges	785	
Prior Period Items	4,870	
Rates & Taxes	297	
Round Off	1	
Travelling Expenses		5,000
<b>Total</b>	<b>422,726</b>	<b>1,263,167</b>

**Note 17.1**

Particulars	31st March, 2018	31st March, 2017
	(Amount in ₹)	(Amount in `)
<b>Payment to Auditors</b>		
Auditors remuneration	19,700	17,300
<b>Total</b>	<b>19,700</b>	<b>17,300</b>






**Arthveda Northstar(Bangalore) Realty Pvt Ltd**

**Notes forming part of Financial Statements**

**Note: 18 Deffered Tax**

**Note 4 Deferred Tax Liability/Asset**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	₹	₹
Opening Balance -	-	
Tax effect of items constituting deferred tax liability / (asset)		
On difference between Depreciation as per book balance and tax balance of fixed assets	-1,840	
Others		
Tax effect of items constituting deferred tax liability / (asset)	-474	
<b>Total</b>	<b>-474</b>	<b>-</b>

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	₹	₹
Depreciation as per Income Tax, 1961	9,660	-
Depreciation as per Companies Act,2013	11,500	
Difference	-1,840	
Deffered Tax Laibility@25.75%	-473.80	
<b>Total</b>	<b>-474</b>	<b>0</b>

Particulars	As per Income Tax Act, 1961	As per Companies Act,2013	Difference	Deferred Tax Asset/(Liability)
Cost of the Asset	34,500	34,500		
(-) Depreciation	10,350	11,500	1,150	355
WDV as on 31.03.2017	<b>24,150</b>	<b>23,000</b>		
(-) Depreciation	9,660	11,500	1,840	474
WDV as on 31.03.2017	14,490	11,500		

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