



Rushabhdev Infraprojects Private Limited

3rd Annual Report 2013-14

General Information

Board of Directors Jignesh S. Shah

Amit H. Benani

Ketan P. Benani

Bankers

Central Bank of India

State Bank of India

Punjab National Bank

Auditors

B H MANGAROLIA & CO.

Chartered Accountants

408, Mahakant, Opp. V. S. Hospital,
Ashram Road, Ahmedabad -380006

Company Law

M. A. NAKRANI & ASSOCIATES

Consultant

Company Secretaries

Registered Office

509, 5th Floor, Iscon Elegance,

S G Highway,

Ahmedabad.- 380054

Gujarat

INDEPENDENT AUDITORS' REPORT

To the Members of
Rushabhdev Infraprojects Private Limited

Report on the Financial Statements

01. We have audited the accompanying financial statements of Rushabhdev Infraprojects Private Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

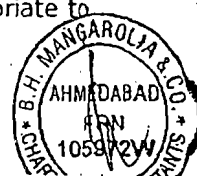
02. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' of India (the "Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

03. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

04. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

05. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

06. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2014; and
- (ii) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.

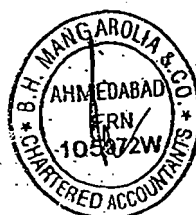
Report on Other Legal and Regulatory Requirements

07. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

08. As required by section 227(3) of the Act, we report that:

- 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 and Statement of Profit and Loss dealt with by this report are in agreement with the books of account of the Company;
- d) in our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956:

For, B H MANGAROLIA & CO.
Chartered Accountants
(FRN 105972W.)



B. H. Mangarolia
(B H MANGAROLIA)

Partner

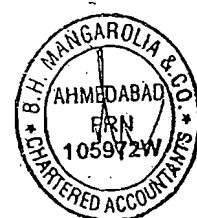
M. No. 032693

Place: Ahmedabad
Date: 01.09.2014

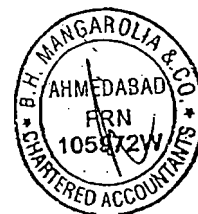
ANNEXURE TO THE AUDITORS' REPORT

[Referred to in Paragraph 7 of our Report of even date]

01. a) The Company is in the process of updating fixed assets records to show full particulars including quantitative details and situation of its fixed assets and reconciling the same with the general ledger.
b) We are informed that the Company has a regular programme of physical verification of its fixed assets in a phased manner over a period of three years. Accordingly, the physical verification of part of the fixed assets has been carried out by the Management during the year and no material discrepancies have been noticed on such verification.
c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
02. a) The inventory i.e. construction materials has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion the procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification, between physical stocks and books records, were not material in relation to the operations of the company and have been properly dealt with in the books of account.
03. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of the clause 4(iii)(a) to 4(iii)(d) of the Order are not applicable.
e) The Company has taken unsecured loans from 3 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1371.47 Lacs and the year end balance in such loan accounts was Rs. 1247.60 Lacs. *The company needs to further strengthen its records so as to include comprehensive details in section 301 register.*
f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
g) The company was regular in payment of principal amount and interest as per the terms of the said loans wherever applicable.

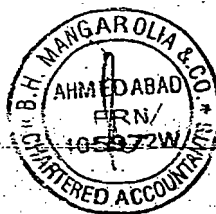


04. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
05. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Act.
 - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party.
06. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
07. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business, however it is required to be strengthened.
08. As informed and explained to us, the maintenance of Cost records U/s. 209(1)(d) of the Act is not applicable to the company.
09. a) According to information and explanations given to us, the company is generally regular in depositing with Appropriate Authorities undisputed statutory dues including Income Tax, VAT/Sales tax and other material statutory dues applicable to it. According to the information and explanations given to us, there were no undisputed amounts payable in respect of such dues which were outstanding as on 31st March, 2014 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us there are no any disputed dues which have not been deposited, of income Tax, VAT/Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess as at 31st March, 2014 and therefore no further information is required to be furnished under this clause.
10. The company has been registered for a period of less than five years and hence clause 4(x) of the order is not applicable.



11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of the dues to any bank and financial institutions. The Company has not issued debentures during the year.
12. As the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, clause 4(xii) of the order is not applicable.
13. The company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the Order are not applicable.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Companies Act, 1956 during the year.
19. No security or charge is required to be created since the company has not issued any Debentures.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, 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 any such case by the management.

For, **B H MANGAROLIA & CO.**
Chartered Accountants
(FRN 105972W)



Place: Ahmedabad
Date: 01.09.2014

(**B H MANGAROLIA**)
Partner
M. No: 032693

01. Company Overview

Rushabhdev Infraprojects Private Limited ('the company'), incorporated under the Companies Act, 1956 vide CIN -U45200GJ2011PTC065018 having its registered office at 509, 5th Floor, Iscon Elegance, S G Highway, Ahmedabad.-380054 Gujarat and engaged in Real Estate Developers, Construction Activities & Builders etc.

02. Significant accounting policies

2.01 Basis for Preparation of Financial Statements

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, 1956. 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.

2.02 Use of estimates

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. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.03 Inventories

Related to contractual and real estate activity: Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Work-in-progress - Real estate projects (including land inventory): 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 recognized. Real estate work-in-progress is valued at lower of cost and net realisable value.

Finished goods - Flats: Valued at lower of cost and net realisable Value

Land inventory: Valued at lower of cost and net realisable value. Land inventory which is under development or held for development/ sale in near future is classified as current asset.

Construction materials are valued at cost.



2.04 Depreciation and amortisation

Depreciation, on fixed assets, has been provided in the accounts at the rates specified in Schedule XIV to the Companies Act, 1956 on Written Down Value (WDV) method. Depreciation on additions during the year is provided on prorata time basis.

2.05 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Recognition of revenue from real estate projects

Revenue from real estate under development/ sale of developed property is recognized 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 confirming of the sales contracts/ agreements.

Revenue from real estate projects is recognized when it is reasonably certain that the ultimate collection will be made and that there is buyer's commitment to make the complete payment.

Sharan Sapphire & Spring Field

During the year, the scheme is under development stage. During the year no conveyance deed has been executed and no possession has been given and hence no revenue has been recognised.

2.06 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other 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.

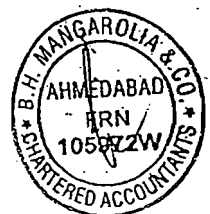
Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.07 Employee benefits

Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. are recognized in the period in which the employee renders the related services.



2.08 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.09 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. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.11 Impairment of assets

The carrying values of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

