

Key Audit Matter

Prestige Sterling Infraprojects Private Limited (*Sterling Urban Infra Projects Private Limited*):

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the component entity for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Nil	

for **M.S.B.Rao & Co.,**
Chartered Accountants



M.S. Babu Rao
Proprietor
Membership No.201467



Place: Bengaluru
Date: May 22, 2019

M. S. Babu Rao

Chartered Accountant
B.S.C, LL.B, F.C.A

No.316, "Sree Krupa", 4th Floor
Next to Adigas Hotel, Sampige Road,
15th Cross, Malleswaram, Bangalore 560003

M.S.B. RAO & CO.,
Chartered Accountants

Mob: 9845986906
Email: msbrao143@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Partners of PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (*Sterling Urban Infra Projects Private Limited*),

Opinion

We have audited the financial statements of **M/s PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED** (*Sterling Urban Infra Projects Private Limited*) (company), which comprise the balance sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income) the Statement of Changes in Partners Fund and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the entity are prepared, in all material respects, in accordance with accounting principles generally accepted in India.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in India and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process

Responsibilities of Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



M. S. Babu Rao

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

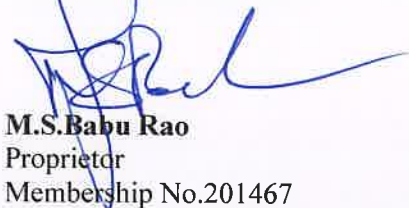
1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
3. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared for the purpose of presenting the consolidated financial statements of Prestige Estates Projects Limited, the Ultimate Holding Company. As a result, the financial statements may not be suitable for another purpose.

for **M.S.B.Rao & Co.,**
Chartered Accountants


M.S.Babu Rao
Proprietor
Membership No.201467



Place: Bengaluru
Date: May 22, 2019

PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498

BALANCE SHEET AS AT 31 MARCH 2019

Rs. in hundreds

Particulars	Note	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
Non Current assets			
(a) Capital work-in-progress		2,96,70,637.08	2,75,84,689.06
(b) Other non current assets	4	1,08,23,515.17	1,01,87,515.17
(c) Income tax asset (net)	13	1,55,209.57	1,55,209.57
		4,06,49,361.82	3,79,27,413.80
Current assets			
(a) Financial asset			
(i) Cash and cash equivalents	5	370.34	5,860.39
(ii) Loans	6	1,80,022.76	1,80,022.76
(b) Other current assets	7	1,68,010.00	1,94,750.00
		3,48,403.10	3,80,633.15
TOTAL		4,09,97,764.92	3,83,08,046.95
II. EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	2,75,00,000.00	2,75,00,000.00
Other Equity	9	23,70,476.41	23,91,279.77
		2,98,70,476.41	2,98,91,279.77
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10	82,95,260.85	64,51,855.87
(ii) Other financial liabilities	11	28,05,080.15	17,89,035.27
(b) Other current liabilities	12	26,947.51	1,75,876.04
		1,11,27,288.51	84,16,767.18
TOTAL		4,09,97,764.92	3,83,08,046.95

Accompanying notes forming part of the Financial Statements

This is the balance sheet referred to in our limited review report of even date

for M.S.B.Rao & Co.
Chartered Accountants

M.S.Babu Rao
Proprietor
Membership No.201467

Place: Bengaluru
Date: May 22, 2019



for and on behalf of
Prestige Sterling Infraprojects Private Limited

Irfan Razack
Director
DIN: 00209022

Place: Bengaluru
Date: May 22, 2019

Uma Irfan
Director
DIN: 01216604

Place: Bengaluru
Date: May 22, 2019

PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2019

Rs. in hundreds

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Other income	14	770.45	-
Total revenue (I)		770.45	-
Expenses			
Cost of sales on projects	15	-	(7,34,733.77)
Employee benefits expenses	16	-	57,701.04
Finance cost	17	20,554.26	7,06,987.16
Depreciation		-	545.65
Other expenses	18	1,019.55	19,90,174.03
Total Expenses - (II)		21,573.81	20,20,674.11
Profit before tax (III= I-II)		(20,803.36)	(20,20,674.11)
Tax expense :			
Current tax		-	-
Deferred tax		-	-
Total Tax expense (IV)		-	-
Profit for the year (V= III-IV)		(20,803.36)	(20,20,674.11)
Total other comprehensive income (VI)		-	-
Total Comprehensive Income (V+VI)		(20,803.36)	(20,20,674.11)
Earnings per share (equity shares, par value Rs 10 each)			
- basic and diluted	22	(0.01)	(0.73)

Accompanying notes forming part of the Financial Statements

This is the statement of profit and loss referred to in our report of even date

for **M.S.B.Rao & Co.**
Chartered Accountants



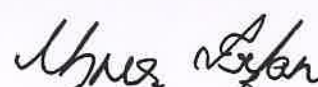
M.S. Babu Rao
Proprietor
Membership No.201467



for and on behalf of
Prestige Sterling Infraprojects Private Limited



Irfan Razack
Director
DIN: 00209022



Uzma Irfan
Director
DIN: 01216604

Place: Bengaluru
Date: May 22, 2019

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PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

Rs. in hundreds

Particulars	Note No.	Year ended 31 March, 2019	Year ended 31 March, 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net Loss before taxation		(20,803.36)	(20,20,674.11)
Adjustments for non-cash & non-operating items:			
Depreciation		-	545.65
Finance costs		20,554.26	7,06,987.16
Operating profit before working capital changes		(249.10)	(13,13,141.30)
Adjustments for			
Increase / (Decrease) in inventories		-	4,75,52,865.94
Increase / (Decrease) in current assets		(6,09,260.00)	1,11,71,110.54
Increase / (Decrease) in other current liabilities		8,67,116.35	(1,43,98,878.36)
Cash generated from operations		2,57,607.25	4,30,11,956.82
Income tax refund / (payment) - Net		-	(1,07,198.38)
Net Cash from operating activities - A		2,57,607.25	4,29,04,758.44
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure in capital work in progress including capital advances		(20,85,948.02)	(3,77,72,204.23)
Transfer of fixed asset on slump sale		-	1,077.99
Purchase of fixed assets		-	-
Net Cash From / used in Investing Activities - B		(20,85,948.02)	(3,77,71,126.24)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from equity		-	15,00,000.00
Repayments of borrowings (Net)		-	(87,40,592.48)
Proceeds from short term borrowings (Net)		18,43,404.98	28,11,067.79
Finance cost paid		(20,554.26)	(7,06,987.16)
Net Cash From / used in Financing Activities - C		18,22,850.72	(51,36,511.85)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		(5,490.05)	(2,879.65)
Cash & Cash equivalents opening balance		5,860.39	8,740.04
Cash & Cash equivalents closing balance		370.34	5,860.39

Accompanying notes forming part of the Financial Statements

This is the statement of cash flows referred to in our report of even date

for M.S.B.Rao & Co.

Chartered Accountants



M.S. Bahu Rao

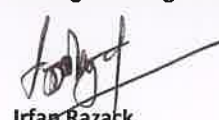
Proprietor

Membership No.201467



for and on behalf of

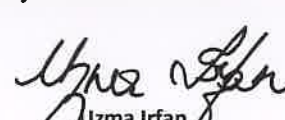
Prestige Sterling Infraprojects Private Limited



Irfan Razack

Director

DIN: 00209022



Uzma Irfan

Director

DIN: 01216604

Place: Bengaluru

Date: May 22, 2019

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PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498


STATEMENT OF CHANGES IN EQUITY

Rs

Particulars	Equity share capital	Other Equity		Total equity
		Securities premium	Retained Earnings	
As at 1 April 2017	2,60,00,000.00	57,50,000.00	(13,38,046.12)	3,04,11,953.88
Issue of share capital	15,00,000.00			15,00,000.00
Profit/(loss) for the year			(20,20,674.11)	(20,20,674.11)
Other Comprehensive Income / (Loss) for the year, net of income tax	-	-	-	-
Total Comprehensive Income for the year	-	-	(20,20,674.11)	(20,20,674.11)
As at 31 March 2018	2,75,00,000.00	57,50,000.00	(33,58,720.23)	2,98,91,279.77
Issue of share capital				-
Profit / (loss) for the year			(20,803.36)	(20,803.36)
Other Comprehensive Income / (Loss) for the year, net of income tax				-
Total Comprehensive Income for the year	-	-	(20,803.36)	(20,803.36)
As at 31 March 2019	2,75,00,000.00	57,50,000.00	(33,79,523.59)	2,98,70,476.41

Accompanying notes forming part of the Financial Statements

This is the statement of changes in equity referred to in our report of even date

for M.S.B. Rao & Co.
Chartered Accountants

M.S. Babu Rao
 Proprietor
 Membership No.201467
for and on behalf of
Prestige Sterling Infraprojects Private Limited

Irfan Razack
 Director
 DIN: 00209022


Uzma Irfan
 Director
 DIN: 01216604
Place: Bengaluru
Date: May 22, 2019Place: Bengaluru
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PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Prestige Sterling Infraprojects Private Limited ('the company') was incorporated on April 16, 2007 as a company under the Companies Act, 1956 ('the 1956 Act'). The registered office of the Company is in The Falcon House, No.1, Main Guard Cross Road, Bangalore - 560 001, India. The Company is engaged in the business of real estate development. The name of the company has been changed from 'Sterling Urban Infra Projects Private Limited' to 'Prestige Sterling Infraprojects Private Limited' w.e.f. 29 January, 2019.

2 Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS").

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has no impact on the financial statement.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities), income and expenses and accompanying disclosures. 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.

2.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, The LLP takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method except for interest on delayed payment by customers are accounted on receipt basis.



PRESTIGE STERLING INFRAPROJECTS PRIVATE LIMITED (Sterling Urban Infra Projects Private Limited)

The Falcon House' # 1, Main Guard Cross Road Bangalore - 560 001

CIN: U70102KA2007PTC042498

NOTES FORMING PART OF FINANCIAL STATEMENTS

2.6 Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. 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

A qualifying asset is an asset that necessarily takes a 12 months or more to get ready for its intended use or sale and includes the real estate properties developed by The Company.

2.7 Foreign Currency Transactions

All transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. The difference, if any, on actual payment / realisation is recorded to the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such conversion is dealt with in the Statement of Profit and Loss.

2.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

c. Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

2.9 Property, plant and equipment's

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition and installation, including interest on borrowing for the project / property, plant and equipment's up to the date the asset is put to use. Any cost incurred relating to settlement of claims regarding titles to the properties is accounted for and capitalised as incurred.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.



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NOTES FORMING PART OF FINANCIAL STATEMENTS

Depreciation method, estimated useful lives and residual values

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on property, plant and equipment's is provided using written-down value method over the useful lives of assets estimated by the Management. The Management estimates the useful lives for the fixed assets as follows:

Particulars	As at	As at
	31 March 2019	31 March 2018
Building *	58 Years	58 Years
Plant and machinery *	20 Years	20 Years
Office Equipment*	20 Years	20 Years
Furniture and fixtures *	15 Years	15 Years
Vehicles*	10 Years	10 Years
Computers and Accessories*	6 Years	6 Years

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in statement of profit and loss.

2.10 Capital work-in-progress

Projects under which tangible assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

Depreciation is not provided on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

2.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software are amortized on the basis of written down value method over a period of 6 years, which is estimated to be the useful life of the asset.

2.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 disclosed in the Notes. Contingent assets are not recognised in the financial statements.

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CIN: U70102KA2007PTC042498

NOTES FORMING PART OF FINANCIAL STATEMENTS

2.14 Financial Instruments

2.14a Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.14b Subsequent measurement

a. Non-derivative financial instruments

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

b. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.14c Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.14d Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit and loss.

2.15 Operating cycle and basis of classification of assets and liabilities

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.



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2.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.17 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3 Recent accounting pronouncements

a. Ind AS 116 Leases

On 30 March 2019, MCA notified Ind AS 116 Leases and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The Company will adopt Ind AS 116 effective from April 1, 2019. As at the date of issuance of the Company's standalone financial statements, the Company is in the process of evaluating the requirements of the said standard and the impact on its standalone financial statements in the period of initial application.

b. Amendments to existing issued Ind-AS

The MCA has also carried out amendments of the following accounting standards:

- i) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- ii) Ind AS 109: Prepayment Features with Negative Compensation
- iii) Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendment will come into force from April 1, 2019. The Company has evaluated the effect of this on the financial statements and the impact is not material.



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4 Other non current assets

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Capital Advances	1,08,23,515.17	1,01,87,515.17
	1,08,23,515.17	1,01,87,515.17

5 Cash and cash equivalents

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Cash in Hand	7.07	7.07
Balances with banks - in current accounts	363.27	5,853.32
	370.34	5,860.39

6 Loans (Current)

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
To others - unsecured, considered good		
Security deposits	4,678.93	4,678.93
Other advances	1,75,343.83	1,75,343.83
	1,80,022.76	1,80,022.76

7 Other current assets

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Prepaid Expenses	1,68,010.00	1,94,750.00
	1,68,010.00	1,94,750.00

8 Share capital

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Authorised capital		
27,50,00,000 (31 March 2018 - 27,50,00,000) equity shares of Rs 10 each	2,75,00,000.00	2,75,00,000.00
Issued, subscribed and paid up capital		
27,50,00,000 (31 March 2018 - 27,50,00,000) equity shares of Rs 10 each	2,75,00,000.00	2,75,00,000.00
	2,75,00,000.00	2,75,00,000.00

The company has not issued any bonus shares or any shares pursuant to contract without payment being received in cash



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(a) List of persons holding more than 5 percent shares in the Company

Name of the share holder	As at 31 March 2019		As at 31 March 2018	
	No of shares	% holding	No of shares	% holding
Sterling Developers Private Limited	5,49,900.00	19.996%	5,49,900.00	19.996%
Prestige Estates Projects Limited	22,00,000.00	80.000%	22,00,000.00	80.000%
	27,49,900.00	99.996%	27,49,900.00	99.996%

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Name of the share holder	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Beginning of the year	27,49,900.00	2,74,99,000.00	27,49,900.00	2,74,99,000.00
Issued during the year	-	-	-	-
At end of the year	27,49,900.00	2,74,99,000.00	27,49,900.00	2,74,99,000.00

9 Other Equity

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
A) Retained earnings		
Opening balance	(33,58,720.23)	(13,38,046.12)
Add: Net loss for the year	(20,803.36)	(20,20,674.11)
	(33,79,523.59)	(33,58,720.23)
B) Share Premium		
Opening balance	57,50,000.00	57,50,000.00
Add: Issued during the year	-	-
	57,50,000.00	57,50,000.00
Total (A)+(B)	23,70,476.41	23,91,279.77

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

10 Short-Term Borrowings

Particulars	Note No.	Rs. in hundreds	
		As at 31 March 2019	As at 31 March 2018
(Measured at amortised cost)			
Loans and advances from related parties (unsecured, repayable on demand)			
-Inter corporate deposits and others		82,95,260.85	64,51,855.87
		82,95,260.85	64,51,855.87

a Unsecured loans are subject to interest rates of 13% per annum.

There are no continuing defaults in repayment of principal and Interest existing as on the balance sheet date.

11 Other financial liabilities

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Interest accrued but not due on borrowings	24,79,896.68	16,19,517.54
Other payables	3,25,183.47	1,69,517.73
	28,05,080.15	17,89,035.27

12 Other current liabilities

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Withholding and other taxes and duties payable	26,947.51	1,75,876.04
	26,947.51	1,75,876.04



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13 Income Tax Assets (net)

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Advance Income tax	1,55,209.57	1,55,209.57
Income Tax Assets	1,55,209.57	1,55,209.57

14 Other Income

Particulars	Rs. in hundreds	
	As at 31 March 2019	As at 31 March 2018
Provision no longer required written back	770.45	-
	770.45	-

15 Cost of sales on projects

Particulars	Rs. in hundreds	
	Year ended 31 March 2019	Year ended 31 March 2018
Opening work in progress	-	-
Add: Cost for the year	-	(7,34,733.77)
Less: Closing work in progress	-	-
	-	(7,34,733.77)

16 Employee benefits expenses

Particulars	Rs. in hundreds	
	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	-	55,309.89
Employers' Contribution to PF	-	2,218.45
Staff welfare expenses	-	172.70
	-	57,701.04

17 Finance cost

Particulars	Rs. in hundreds	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest on borrowings	20,67,282.91	15,91,942.82
Interest on Income Tax	20,543.64	2,122.65
Bank Charges	10.62	69.42
Other borrowing costs	-	27,123.29
	20,87,837.17	16,21,258.18
Less: Borrowing cost capitalised to capital work-in-progress	20,67,282.91	9,14,271.02
	20,554.26	7,06,987.16

18 Other expenses

Particulars	Rs. in hundreds	
	Year ended 31 March 2019	Year ended 31 March 2018
Capital Loss on Busniess Transfer	-	19,00,832.05
Commission	-	38,274.72
Legal and professional charges	-	10,189.13
Advertisement and sponsorship fee	-	8,498.94
Business promotion	-	1,316.84
Electricity charges	-	7,057.12
Rates and taxes	913.42	3,976.26
Auditor's remuneration (Refer Note 18a)	100.00	775.00
Telephone expenses	-	203.04
Printing and stationery	6.15	2,257.96
Repairs and maintenance	-	37.25
Postage & courier	-	82.81
Security charges	-	13,608.24
Travelling expenses	-	1,651.60
Miscellaneous expenses	(0.02)	1,413.07
	1,019.55	19,90,174.03



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18a Auditors' remuneration

Particulars	Rs. in hundreds	
	Year ended 31 March 2019	Year ended 31 March 2018
For Audit Fees	100.00	775.00
	100.00	775.00

19 In the opinion of the Management all the current assets have on value of realization in the ordinary course of business which is at least equal to the amount at which they are stated in the balance sheet.

20 Contingent liabilities and capital commitments

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
Contingent liabilities		
Claims against the firm not acknowledged as debts		
a. Disputed Income tax	62,885.34	62,885.34
b. Others	5,000.00	5,000.00
Corporate guarantee given on behalf of companies under the same management	2,80,00,000.00	2,80,00,000.00
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-

21 Related parties

(i) Names of related parties and description of relationship:

a) Controlling Enterprise

Prestige Estates Projects Limited - (w.e.f. 4th March, 2018)

b) Enterprises having significant influence

Urban Infrastructure Trustees Limited (upto 3rd March, 2018)

(for and on behalf of Urban Infrastructure Opportunities Fund, A Scheme of Urban Infrastructure Venture Capital Fund)

Sterling Developers Private Limited (upto 3rd March, 2018)

Sterling Urban Developments Private Limited (upto 3rd March, 2018)

Urban Infrastructure Real Estate Fund (upto 3rd March, 2018)

Shankar Enterprises (upto 3rd March, 2018)

c) Key Management Personnel

Venkat Ramani Sastri

S.V. Ramani (upto 3rd March, 2018)

Gowri Shankar Sastri (upto 3rd March, 2018)

Uzma Irfan (w.e.f. 6th March, 2018)

Mohmed Sadiq Zaid (w.e.f. 6th March, 2018)

Faiz Rezwan (w.e.f. 6th March, 2018)

Zayd Noaman (w.e.f. 6th March, 2018)

(ii) Related party transactions entered during the period

Particulars	Rs	
	Year ended 31 March 2019	Year ended 31 March 2018
Inter Corporate Deposit Received		
Controlling Enterprise		
Prestige Estates Projects Limited	18,43,404.98	29,37,567.79
	18,43,404.98	29,37,567.79
Interest on Inter Corporate Deposit		
Controlling Enterprise		
Prestige Estates Projects Limited	9,55,976.82	9,23,972.11
	9,55,976.82	9,23,972.11



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(iii) Amount outstanding as at the balance sheet date

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
Inter Corporate Deposit Taken		
<i>Controlling Enterprise</i>		
Prestige Estates Projects Limited	82,95,260.85	64,51,855.87
	82,95,260.85	64,51,855.87
Interest Payable on Inter Corporate Deposit		
<i>Controlling Enterprise</i>		
Prestige Estates Projects Limited	24,79,896.68	16,19,517.54
	24,79,896.68	16,19,517.54

a) Related party relationships are as identified by the Company on the basis of information available with them and accepted by the auditors.

b) No amount is / has been written back during the year in respect of debts due from or to related party.

c) Reimbursement of actual expenses is not disclosed in transactions with Related Parties during the year.

22 Earnings/ (Loss) per share

The following table sets forth the computation of basic and diluted earnings per share:

Particulars	Rs	
	Year ended 31 March 2019	Year ended 31 March 2018
Net (loss) for the year attributable to equity shareholders	(20,803.36)	(20,20,674.11)
Weighted average number of equity shares outstanding (in numbers)		
- Basic	27,49,900.00	27,49,900.00
- Diluted	27,49,900.00	27,49,900.00
Nominal Value of shares (in Rupees)	10.00	10.00
Basic Earnings per Share (in Rupees)	(0.01)	(0.73)
Diluted Earnings per Share (in Rupees)	(0.01)	(0.73)

23 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding at the Balance Sheet date, computed on unit wise basis, determined to the extent such parties identified on the basis of information available with the Company. This has been relied upon by the auditors.

24 Segment Reporting

The operations of the company include real estate development constituting a single segment and has restricted to one geographical area. Hence the disclosure of segment information as per Ind AS 108 is not applicable.

Signatures to Notes 1 to 22

for M.S.B. Rao & Co.
Chartered Accountants

M.S. Babu Rao
Proprietor
Membership No.201467

Place: Bengaluru
Date: May 22, 2019



for and on behalf of
Prestige Sterling Infraprojects Private Limited

Irfan Razack
Director
DIN: 00209022

Place: Bengaluru
Date: May 22, 2019

Uzma Irfan
Director
DIN: 01216604

Place: Bengaluru
Date: May 22, 2019