

M/s B.P.JAIN & CO.

Chartered Accountants

2, GEEGEE MINAR

23, COLLEGE ROAD

CHENNAI -600006

PHONE: 044-28273871, 044-28224212

Email: devchennai02@gmail.com

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF VARENYA CONSTRUCTIONS LTD,

Report on the Financial Statements

We have audited the accompanying financial statements of VARENYA CONSTRUCTIONS LTD, ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss for the year then ended, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 & 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, 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 appears from our examination of those books;
 - c) Since the Company does not have branches, the report on the account of branch offices audited by other auditor under sub-section (8) of the act is not applicable;
 - d) The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account, The Company has no branches;
 - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - f) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act ; and
 - g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditors) Rules, 2014 , in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For M/S. B.P.JAIN & CO
CHARTERED ACCOUNTANTS

Firm Registration Number: 0501055



A handwritten signature in black ink, appearing to read "D.K.B.", with a horizontal line underneath.

DEVENDRA KUMAR BHANDARI
PARTNER

Membership Number: 208862

Place: Chennai
Date: 01-09-2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's Report to the members of the company on the financial statements for the year ended 31 March 2015, we Report that:

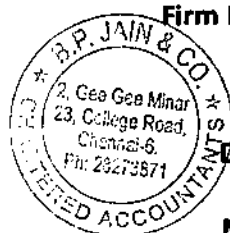
- i. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) These fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification and if so, and the same have been properly dealt with in the books of account;
- ii. Since the company has no inventories, the requirement of this clause is not applicable.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- iv. In our opinion and according to information and explanations given to us, the company has an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sales of goods and services. During the course of audit, we have neither come across nor never informed of any continuing failure to correct major weaknesses in internal control system.
- v. The company has not accepted deposits from the members. The company has complied the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable.
- vi. The maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act will not apply to the company. Hence maintenance of cost accounts and records is not required;
- vii. According to the information and explanations given to us and on the basis of examination of books of accounts, there are no outstanding dues undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there are no statutory dues for more than six months from the date they became payable except professional tax which amounts to Rs. 2,130/-.
There are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute,

The company has no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956).

- viii. The company has been registered for a period more than five years and its has incurred accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and it has incurred cash losses in such financial year and in the immediately preceding financial year;
- ix. The company has not taken loan from bank and financial institution and not issued any debentures, hence the question of default does not arise;
- x. The company has not given any guarantee for loans taken by others from bank or financial institutions;
- xi. The company has not accepted term loans, Therefore the application of loans does not arise;
- xii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Chennai
Date: 01-09-2015



For M/S. B.P.JAIN & CO
CHARTERED ACCOUNTANTS
Firm Registration Number 0501055

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DEVENDRA KUMAR BHANDARI
PARTNER
Membership Number: 208862

Revised
Revised final.

VARENYA CONSTRUCTIONS LTD REGD.OFF.# 3, GANAPATHY COLONY, 3RD STREET, OFF.CENOTAPH ROAD TEYNAMPET, CHENNAI - 600018 Balance Sheet as at 31.03.2015				
	Particulars	Note No.	Figures as at the end of current reporting period (31/03/2015)	Figures as at the end of current reporting period (31/03/2014)
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	a) Share Capital	2	5,00,000.00	5,00,000.00
	b) Reserves and Surplus	3	(8,84,35,314.02)	(6,71,50,169.02)
2	Non- current liabilities			
	a) Long term borrowings	4	33,10,88,235.00	27,09,61,056.00
3	Current liabilities			
	a) Other current liabilities	5	94,24,973.00	80,09,600.00
	TOTAL		25,25,77,893.98	21,23,20,486.98
II	ASSETS			
1	Non- current assets			
	a) Fixed assets			
	i. Intangible assets	6	24,05,98,469.94	21,04,12,908.94
2	Current assets			
	a) Trade receivables	7	1,05,42,901.00	14,53,303.00
	b) Cash and cash equivalents	8	1,85,137.04	1,68,017.04
	c) Short - term loans and advances	9	12,51,386.00	2,86,258.00
	Significant accounting policies and Notes forming part of the financial statements	(1-15)		
	TOTAL		25,25,77,893.98	21,23,20,486.98
As per our report of even date FOR B.P.JAIN & CO., CHARTERED ACCOUNTANTS Firm Reg No. 0501055  CA. DEVENDRA KUMAR BHANDARI (PARTNER) Membership No.208862 Place: Chennai Date: 01-09-2015 or and on behalf of the Board of Directors FOR VARENYA CONSTRUCTIONS LTD  KAMAL LUNAWATH DIRECTOR  VIMAL LUNAWATH DIRECTOR				

Revised final

VARENYA CONSTRUCTIONS LTD

REGD.OFF.# 3, GANAPATHY COLONY, 3RD STREET, OFF.CENOTAPH ROAD

TEYNAMPET, CHENNAI - 600018

Statement of Profit and loss for the year ended 31.03.2015

	Particulars	Note No.	Figures as at the end of current reporting period (31/03/2015)	Figures as at the end of previous reporting period (31/03/2014)
	<u>REVENUE</u>			
I	Other Income	10	97,08,480.00	3,60,30,248.00
II	Total Revenue		97,08,480.00	3,60,30,248.00
	<u>EXPENSES</u>			
III	Finance cost	11	3,01,85,561.00	5,39,78,146.00
IV	Other expenses	12	8,08,064.00	6,42,729.00
V	Total expenses (III + IV)		3,09,93,625.00	5,46,20,875.00
VI	Profit before tax (II - V)		(2,12,85,145.00)	(1,85,90,627.00)
VII	Tax expense: 1) Current tax 2) Deferred tax		- -	- -
VIII	Profit / (Loss) for the period (VI - VII)		(2,12,85,145.00)	(1,85,90,627.00)
IX	Earnings per equity share: 1) Basic 2) Diluted		(425.70) (425.70)	(371.81) (371.81)
	Significant accounting policies and Notes forming part of the financial statements	(1-15)		

As per our report of even date
FOR B.P.JAIN & CO.,
CHARTERED ACCOUNTANTS
 Firm Reg No. 0501055


CA. DEVENDRA KUMAR BHANDARI
 (PARTNER)
 Membership No.208862

Place: Chennai
 Date: 01-09-2015

or and on behalf of the Board of Directors
FOR VARENYA CONSTRUCTIONS LTD


KAMAL LUNAWATH
 DIRECTOR


VIMAL LUNAWATH
 DIRECTOR

Revised Final.

VARENYA CONSTRUCTIONS LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015		
PARTICULARS	31.03.2015	31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss Before Tax and Extraordinary Items	(2,12,85,145.00)	(1,85,90,627.00)
Add / (Less):- Adjustments		
Profit on sale of land	-	-
Profit on sale of TDR	-	(3,59,27,273.00)
Interest received	(1,21,377.00)	-
Interest paid	6,03,71,122.00	5,39,78,146.00
	6,02,49,745.00	1,80,50,873.00
Cash flow from operating activities before working capital changes	3,89,64,600.00	(5,39,754.00)
Adjustments for working capital changes		
(Increase) / Decrease in Trade Receivables	(90,89,598.00)	(87,530.00)
(Increase) / Decrease in Current Assets, Loans & Advances	(9,65,128.00)	(9,725.00)
Increase / (Decrease) in Current Liabilities	14,15,373.00	18,87,020.00
	(86,39,353.00)	17,89,765.00
Extraordinary Items		
Taxes Paid		
Net Cash flow from Operations	3,03,25,247.00	12,50,011.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(3,01,85,561.00)	-
Interest received	1,21,377.00	-
Proceeds from utilization of TDR	-	6,43,50,000.00
Net Cash from Investing activities	(3,00,64,184.00)	6,43,50,000.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(6,03,71,122.00)	(5,39,78,146.00)
Proceeds from / (repayments of) Borrowings	6,01,27,179.00	(1,16,67,173.00)
Net Cash From Financing Activities	(2,43,943.00)	(6,56,45,319.00)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	17,120.00	(45,308.00)
E. ADD: OPENING CASH AND CASH EQUIVALENTS	1,68,017.04	2,13,325.04
F. CLOSING CASH & CASH EQUIVALENTS	1,85,137.04	1,68,017.04

As per our report of even date
FOR B.P.JAIN & CO.,
CHARTERED ACCOUNTANTS
Firm Reg No. 0501055



CA. DEVENDRA KUMAR BHANDARI
(PARTNER)
Membership No.208862
Place: Chennai
Date: 01-09-2015

For and on behalf of the Board of Directors
FOR VARENYA CONSTRUCTIONS LIMITED



KAMAL LUNAWATH
DIRECTOR



VIMAL LUNAWATH
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2015	As at 31.03.2014
2 SHARE CAPITAL		
Authorized		
50000 equity shares of Rs.10/- each	5,00,000.00	5,00,000.00
Issued, subscribed & Fully paid up		
50000 equity shares of Rs.10/- each	5,00,000.00	5,00,000.00
	5,00,000.00	5,00,000.00
Details of shares held by share holders holding more than 5% of the aggregate shares in the Company		
Arihant Foundations & Housing Ltd and with its nominees	50000 (100%)	50000 (100%)
3 RESERVE & SURPLUS		
<u>Profit & Loss Account</u>		
Opening Balance	(6,71,50,169.02)	(4,85,59,542.02)
Add: profit for the year	(2,12,85,145.00)	(1,85,90,627.00)
Closing Balance	(8,84,35,314.02)	(6,71,50,169.02)
4 LONG TERM BORROWINGS		
<u>Unsecured</u>		
<u>Loans & Advances from Related Parties</u>		
Inter Companies Deposits	33,10,78,235.00	27,09,51,056.00
From Directors	10,000.00	10,000.00
	33,10,88,235.00	27,09,61,056.00
5 OTHER CURRENT LIABILITIES		
Payables	94,24,973.00	80,09,600.00
	94,24,973.00	80,09,600.00
6 FIXED ASSETS		
<u>II. Intangible Assets</u>		
<u>TDR</u>		
Opening balance	21,04,12,908.94	21,04,12,908.94
Add: Additions	3,01,85,561.00	-
Less: Deletions	-	-
Closing balance	24,05,98,469.94	21,04,12,908.94
7 TRADE RECEIVABLES		
<u>Sundry Debtors (Unsecured and considered good)</u>		
- More than six months		
Directors	6,27,833.00	5,32,773.00
Firms in which director is a partner	-	8,33,000.00
- Others		
Directors	99,15,068.00	87,530.00
	1,05,42,901.00	14,53,303.00
8 CASH AND CASH EQUIVALENTS		
Balance with banks	96,430.04	75,710.04
Cash Balance	88,707.00	92,307.00
	1,85,137.04	1,68,017.04
9 SHORT TERM LOANS & ADVANCES		
<u>Unrelated parties</u>		
Loans & Advances	12,51,386.00	2,86,258.00
	12,51,386.00	2,86,258.00

10	OTHER INCOME		
	Profit on utilization of TDR	-	3,59,27,273.00
	Income Tax Refund Received	-	5,720.00
	Interest Received	1,21,377.00	97,255.00
	Marketing Fees Received	95,87,103.00	
		97,08,480.00	3,60,30,248.00
11	FINANCE COST		
	Interest Expense	3,01,85,561.00	5,39,78,146.00
		3,01,85,561.00	5,39,78,146.00
12	OTHER EXPENSES		
	Bank Charges	142.00	265.00
	Filing Fees and others	3,600.00	-
	Interest on TDS	5,48,410.00	3,86,987.00
	Printing and Stationery	-	-
	Income Tax	5,720.00	-
	General Expenses	3,000.00	5,083.00
	Legal and Professional Charges (refer note below)	2,47,192.00	2,50,394.00
		8,08,064.00	6,42,729.00
	Note:-		
	Professional charges Includes auditor's remuneration		
	Auditor's Remuneration		
	- Statutory Audit Fees	1,91,012.00	1,85,394.00
		1,91,012.00	1,85,394.00
13 RELATED PARTY DISCLOSURES			
a. Related Parties and their relationship			
Sl. No	Name	Nature of Relationship	
1	Arihant foundations and Housing Ltd	Holding Company	
2	Arihant foundations and Housing	Firm in which holding company & director is a	
3	Arihant Griha Ltd.	Fellow Subsidiary	
4	Vaikunt Housing Ltd	Fellow Subsidiary	
Key Management Personnel			
1	Kamal Lunawath	Director	
2	Vimal Lunawath	Director	
b. Transactions with related parties during the year:			
Sl. No	Name of the Party	Nature of Transaction	Amount(Rs.)
1	Arihant foundations and Housing Ltd.	Loan Taken	6,09,60,179
		Loan Repaid	8,33,000
		Sale Of TDR	0
		Interest accrued	6,03,71,122
2	Arihant foundations and Housing	Loan Repaid	8,33,000
3	Vimal Lunawath	Interest Receivable	1,21,377
c. Year end balances of related parties			
Sl. No	Name of the Party	Amount as at 31.03.2015	Amount as at 31.03.2014
1	Arihant foundations and Housing Ltd- Long Term	33,10,78,235	27,09,51,056
2	Arihant foundations and Housing- Trade Receivable	-	8,33,000
3	Arihant Griha Ltd.- Other Current Liabilities	8,82,000	8,82,000
4	Vaikunt Housing Ltd- Other Current Liabilities	8,33,000	8,33,000
5	Kamal Lunawath- Long Term Borrowings	10,000	10,000
6	Vimal Lunawath- Trade Receivable	7,29,542	6,20,303
14 Previous years figures have been regrouped / reclassified wherever necessary.			
15 Notes 1 to 15 form an integral part of the Balance Sheet and Statement of Profit and Loss and are duly authenticated.			

SUBSCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS		
	As at 31.03.2015	As at 31.03.2014
LONG TERM BORROWINGS		
<u>Inter Companies Deposits</u>		
Arihant Foundations and Housing Limited	33,10,78,235	27,09,51,056
Kamal Lunawath	10,000	10,000
	33,10,88,235	27,09,61,056
OTHER CURRENT LIABILITIES		
<u>Payables</u>		
Arihant Griha Ltd	8,82,000	8,82,000
Redstone Realtors Pvt Ltd	1,11,000	1,11,000
Valkunt Housing Ltd	8,33,000	8,33,000
Audit fees payable	3,55,664	9,25,329
Professional Tax Payable	2,130	2,130
TDS payable	60,56,213	52,56,141
Service Tax Payable	11,84,966	-
	94,24,973	80,09,600
TRADE RECEIVABLES		
<u>More than six months</u>		
<u>Directors</u>		
Vimal Lunawath	6,27,833	5,32,773
<u>Firms in which director is a partner</u>		
Arihant foundations and housing (partnership firm)	-	8,33,000
	6,27,833	13,65,773
<u>Others</u>		
<u>Directors</u>		
Vimal Lunawath	1,01,709	87,530
Arihant Unitech Realty Projects Ltd	98,13,359	
	99,15,068	87,530
CASH AND CASH EQUIVALENTS		
<u>Balance with banks</u>		
Indian Overseas Bank	17,166	17,308
Kotak Mahindra Bank Ltd	49,134	28,272
Vijaya Bank - 52	30,130	30,130
	96,430	75,710
SHORT TERM LOANS & ADVANCES		
Staff Advance	32,500	32,500
TDS - Receivable	12,18,886	2,53,758
	12,51,386	2,86,258

VARENYA CONSTRUCTIONS LIMITED STATEMENT OF TOTAL INCOME ASSESSMENT YEAR - 2015-16 PREVIOUS YEAR -2014-15		
PARTICULARS		AMOUNT (RS)
INCOME FROM BUSINESS		
Net Profit as per profit and loss account		(2,12,85,145.00)
Add: Self-assessment tax paid	5,720.00	
Interest in TDS	5,48,410.00	
		5,54,130.00
		(2,07,31,015.00)
Less: Profit on utilization of TDR	-	
Less: Income Tax Refund received	-	
Less: Interest received	1,21,377.00	1,21,377.00
LOSS UNDER THE HEAD BUSINESS OR PROFESSION		(2,08,52,392.00)
INCOME FROM CAPITAL GAINS		
SHORT TERM CAPITAL GAIN		
Value of property acquired on utilization of TDR		
Less: Expenditure incurred in relation to sale	-	
Net Consideration	-	
Less: Book value of the portion of TDR utilized		
Net amount - Short term capital gain/ (loss)		-
INCOME FROM OTHER SOURCES		
Interest received	1,21,377.00	
Less: Set off against current year business loss	1,21,377.00	-
GROSS TOTAL INCOME		(2,07,31,020.00)
DEDUCTIONS UNDER CHAPTER VIA		-
TOTAL INCOME		(2,07,31,020.00)
TAX PARTICULARS		
Tax on above income @ 30%		-
Tax at special rates @ 20%		-
Add: Education cess @ 3%		-
Total Tax liability		-
Less: TDS receivable		9,70,011.00
INCOME TAX PAYABLE / (REFUND DUE)		(9,70,011.00)

Brought forward business loss of	
A.Y.-2007-08 (Rs.27054-27054)	-
A.Y.-2008-09(Rs.777067-10249-1468)	(7,65,350.00)
A.Y.-2009-10	(4,03,297.00)
A.Y.-2010-11	-
A.Y.-2011-12	(39,64,858.00)
A.Y.-2013-14	(3,63,18,540.00)
A.Y. 2014-15	(1,82,09,360.00)
TOTAL OF BROUGHT FORWARD BUSINESS LOSS TO BE CARRIED FORWARD	(5,96,61,405.00)
Add: Loss of A.Y. 2015-16	(2,07,31,020.00)
TOTAL OF BUSINESS LOSSES TO BE CARRIED FORWARD TO FUTURE YEARS	(8,03,92,425.00)

VARENIA CONSTRUCTIONS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE-1: SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The company maintains its accounts under the historical cost convention on accrual basis as a going concern and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 2013.

B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known / materialised.

C. USE OF ESTIMATES

The preparation of financial statement in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at date of the financial statements and the reported accounts of revenues and expenses for the years presented. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

D. FIXED ASSETS

Cost of acquisition is inclusive of purchase price, levies, incidental expenditure and any directly attributed cost to bring the assets to use. Borrowing costs attributable to acquisition or construction of qualifying fixed assets, which takes substantial period of time to get ready for its intended use are also included, up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

E. RECOGNITION OF INCOME

During the year there has been no construction activity. The income recognized is of indirect nature only. The revenue, if any, arising in future from construction activities will be recognized by following "Percentage completion method" of accounting.

F. TAXES ON INCOME

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws that are enacted or substantially enacted. Deferred tax asset is not provided for the loss as there is no virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

G. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue, share split and share warrants conversion.

Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted number of shares outstanding during the period for the effect of all dilutive potential equity shares.