

Independent auditors' report to the members of **INSPIRE INDIA PROPERTIES LIMITED**

Report on the financial statements

We have audited the accompanying financial statements of Inspire India Properties Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and 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 and presentation 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 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the

Company's management and Board of 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 these financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation 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 31 March 2016, its profits 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, 2016 ("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', a statement on the matters specified in paragraphs 3 and 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 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - (c) the balance sheet, statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards, except AS 15, specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors, as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to our separate report in Annexure B; and

(g) with respect to other matters to be 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 in its financial statements;
- ii. the Company has not entered into any long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards, for material foreseeable losses;
- iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

for **M/s T D JAIN AND D I SAKARIA**
Chartered Accountants
Firm registration no: 002491S

DHANPAL I SAKARIA
Partner
M No: 213666

Place: Bengaluru
Date: 10 August 2016

Annexure A to the Independent Auditor's Report of even date on the financial statements of Inspire India Properties Limited

(The annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of INSPIRE INDIA PROPERTIES LIMITED for the year ended 31 March 2016)

- i. In respect of its fixed assets
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As informed to us by the management the Company has a policy of physically verifying fixed assets in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there was no material discrepancies noticed on such verification.
 - (c) The title deeds of all the immovable properties are held in the name of the company.
- ii. As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification were not material.
- iii. The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted any deposit to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3 (v) of CARO is not applicable to the company.
- vi. The central government has not prescribed maintenance of cost records under 148(1) of the Companies Act, 2013 for any of the products/services of the company. Thus paragraph 3(vi) of CARO is not applicable to the company.

vii. According to the information and explanations given to us:

- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute.

- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the company and no fraud on the company by its officers/employees has been noticed or reported during the course of our audit.
- xi. The Managerial Remuneration has been paid in accordance with provisions of section 197 read with Schedule V of the Companies Act.
- xii. The company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the company.
- xiii. All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the Financial Statements as required by the Accounting standards and Companies Act, 2013.
- xiv. The requirements of Section 42 of the Companies Act, 2013 regarding preferential allotment of shares made during the year under review have been complied with. Further, the amounts raised have been used for the purposes for which the funds were raised.

- xv. The provisions of section 192 of the Companies Act, 2013, regarding non-cash transactions with directors or persons connected with him have been complied with.
- xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
Firm registration no: 002491S

DHANPLA I SAKARIA
Partner
M NO: 213666

Place: Bengaluru
Date: 10 August 2016

Annexure B to the Independent Auditor's Report of even date on the financial statements of Inspire India Properties Limited

Report on Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Inspire India Properties Limited ("the Company") as at 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M/s T D JAIN AND D I SAKARIA

Chartered Accountants

firm registration no: 002491S

DHANPLA I SAKARIA

Partner

M NO: 213666

Place: Bengaluru

Date: 10 August 2016

INSPIRE INDIA PROPERTIES LIMITED

BALANCE SHEET AS AT 31 MARCH 2016

	Notes	31 March 2016 ₹	31 March 2015 ₹
I. Equity and Liabilities			
Shareholders' fund			
Share capital	3	6,59,19,780	4,64,89,110
Reserves and surplus	4	40,50,350	(43,56,894)
		6,99,70,130	4,21,32,216
Non-current liabilities			
Long-term borrowings		-	-
Other long-term liabilities	5	2,95,667	7,09,948
Long-term provisions		-	-
		2,95,667	7,09,948
Current liabilities			
Short-term borrowings		-	-
Trade payables		-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	6	2,03,65,871	1,42,16,266
Short-term provisions	7	10,23,048	1,01,278
		2,13,88,919	1,43,17,544
Total		9,16,54,716	5,71,59,708
II. Assets			
Non-current assets			
Fixed assets			
i) Tangible assets	8	58,05,141	39,92,580
ii) Intangible assets		-	-
iii) Capital work in progress		-	-
Non-current investments	9	5,70,049	-
Deferred tax assets (net)	10	67,515	1,10,197
Long term loans and advances	11	4,82,000	4,82,000
Other non-current assets		-	-
		69,24,705	45,84,777
Current assets			
Current investments	12	1,80,01,292	39,71,552
Inventories	13	4,35,94,374	4,68,50,464
Trade receivables	14	1,02,61,916	-
Cash and cash equivalents	15	1,19,65,619	15,86,654
Short-term loans and advances	16	9,06,810	1,66,261
Other current assets		-	-
		8,47,30,011	5,25,74,931
Total		9,16,54,716	5,71,59,708

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

for **M/s T D JAIN AND D I SAKARIA**

Chartered Accountants

Firm's registration number: 002491S

for and on behalf of the Board of Directors

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 10 August 2016

Managing Director

Sharan Patil

Director

Balakrishnan V

Company Secretary

Shweta Sharma

INSPIRE INDIA PROPERTIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	31 March 2016	31 March 2015
		₹	₹
Revenue			
Revenue from operations(net)	17	2,64,44,207	1,29,15,710
Other income	18	3,89,140	7,21,171
Total Revenue - (i)		2,68,33,347	1,36,36,881
Expenses			
Cost of materials consumed		-	-
Purchase of traded goods	19	-	1,60,15,185
(Increase)/decrease in inventories of traded finished goods	20	32,56,090	(1,57,54,820)
Employees benefits expenses	21	74,24,416	24,98,330
Other expenses	22	1,10,67,933	97,00,485
Total Expense - (ii)		2,17,48,439	1,24,59,179
Earnings before interest, tax, depreciation and amortisation - EBITDA - (i-ii)		50,84,908	11,77,701
Finance costs	23	1,01,789	-
Depreciation and amortization expenses	8	2,50,171	3,54,020
Profit/(loss) before tax - (iii)		47,32,948	8,23,681
Tax expenses			
Current tax		9,21,259	1,01,278
Less: Mat credit entitlement		(8,02,683)	(1,01,278)
Net current tax		1,18,576	-
Short/(excess) provision for tax of earlier years		50,600	
Deferred Tax		42,682	(80,610)
Total tax expense - (iv)		2,11,858	(80,610)
Profit/(loss) for the year (iii-iv)		45,21,090	9,04,291
Earning per equity share: (Nominal value per share: ₹10)			
Basic		0.92	0.21
Diluted		0.92	0.21

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

for **M/s T D JAIN AND D I SAKARIA**

Chartered Accountants

Firm's registration number: 002491S

for and on behalf of the Board of Directors

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 10 August 2016

Managing Director

Sharan Patil

Director

Balakrishnan V

Company Secretary

Shweta Sharma

INSPIRE INDIA PROPERTIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016	31 March 2015
	₹.	₹.
Cash flows from operating activities:		
Profit before tax	47,32,948	8,23,681
Add/(Less): Non cash adjustments to reconcile profit before tax to net cash flows		
- Depreciation and Amortisation	2,50,171	3,54,020
- Interest on delayed payment of direct taxes	1,01,789	
- Employee compensation cost	50,20,824	-
- (Gain)/Loss on sale of current investments	(3,83,740)	(6,56,752)
- Dividend income	-	(15,819)
Operating profit/(loss) before working capital changes	97,21,992	5,05,131
Add/(Less): Working capital changes		
- Decrease/(Increase) in inventories	32,56,090	(1,57,54,820)
- Decrease/(Increase) in trade receivables	(1,02,61,916)	
- Decrease/(Increase) in loans and advances	11,534	90,103
- Increase/(Decrease) in other liabilities	57,35,324	43,89,713
Cash generated from/(used in) operations	84,63,024	(1,07,69,872)
Direct taxes paid	1,01,278	-
Net cash flow from/(used in) operating activities (A)	83,61,746	(1,07,69,872)
Cash flows from investing activities:		
Purchase of fixed assets including intangible assets	(20,62,733)	(5,92,647)
Proceeds from sale of investments	1,28,50,000	2,27,31,561
Purchase of investments	(2,70,66,049)	(1,71,15,819)
Dividend income	-	15,819
Net cash flow from/(used in) investing activities (B)	(1,62,78,782)	50,38,914
Cash flows from financing activities:		
Equity shares allotment	1,52,46,650	53,70,000
Security premium	30,49,350	10,74,000
Net cash flow from/(used in) financing activities (C)	1,82,96,000	64,44,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,03,78,965	7,13,042
Cash and cash equivalents at the beginning of the year	15,86,654	8,73,612
Cash and cash equivalents at the end of the year	1,19,65,619	15,86,654
Components of cash and cash equivalents		
Cash in hand	19,60,879	17,054
Balance with banks - on current accounts	1,00,04,740	15,69,600
Total Cash and cash equivalents	1,19,65,619	15,86,654

Summary of significant accounting policies

2.1

Continued....

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 March 2016 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared by using the Indirect Method as per the Accounting Standard (AS) 3 - "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
3. Figures in brackets represent outflows.

As per our attached report of even date.
for **M/s T D JAIN AND D I SAKARIA**

Chartered Accountants
Firm's registration number: 002491S

for and on behalf of the Board of Directors

DHANPAL I SAKARIA

Partner

M.No: 213666

Managing Director

Sharan Patil

Director

Balakrishnan V

Company Secretary

Shweta Sharma

Place: Bangalore

Date: 10 August 2016

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016

1. Corporate Information

Inspire India Properties Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company was incorporated on 21 March 2012 and obtained its Certificate for Commencement of Business on 27 April 2012. The company is engaged in the business of acquisition, development, management, marketing and sale of real estate properties both in India and abroad.

2. Basis of preparation

The financial statements of the company have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006, (as amended), which continue to apply as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 2013.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates and adopts all recently issued or revised accounting standards on an ongoing basis.

2.1. Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenditure for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of tangible fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use and all pre-operative expenses till the commencement of commercial production are capitalized.

c) Intangible fixed 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.

d) Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible assets is provided for on the Written down value method based on useful lives of the assets specified in Schedule II of the Companies Act 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the tangible assets are sold or disposed.

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the company for its use.

INSPIRE INDIA PROPERTIES LIMITED**Notes to financial statements for the year ended 31 March 2016 (continued.....)****e) Impairment of tangible and intangible assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognised for the asset in prior years.

f) Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

g) Valuation of inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Land held as Inventory/Traded finished good	: Actual Cost
Work in Process (Land development expense)	: Actual Cost

h) Revenue recognition

Revenue from sale of land/plot is recognised when all significant risks and rewards of ownership are transferred and the seller retains no effective control of the real estate to a degree usually associated with ownership. Revenue from development of plots is recognised by applying the percentage of completion method.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

All other items of income are accounted on accrual basis except interest on Income Tax refund and dividend income which are accounted on receipt basis.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and then carrying value of the investment.

i) Employee Benefits**Short Term Employees Benefits:**

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. These benefits include leave travel allowance, bonus/performance incentives.

j) Income tax expense

Income tax expense comprises current tax and deferred tax charge or credit.

Current tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e, the period for which MAT credit is allowed to be carried forward.

INSPIRE INDIA PROPERTIES LIMITED**Notes to financial statements for the year ended 31 March 2016 (continued.....)**

In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit & loss and shown as "MAT credit Entitlement".

The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax:

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

k) Foreign currency transactions and balances

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year-end rates. The resultant exchange differences are recognized in the profit and loss account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

l) Leases

Assets leased by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss in accordance with the terms of agreement.

m) Borrowing costs

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

n) Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016 (continued.....)

o) Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post-tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

p) Accounting policies, which are not specifically referred to, are consistent with generally accepted accounting policies.

INSPIRE INDIA PROPERTIES LIMITED
Notes to financial statements for the year ended 31 March 2016 (continued.....)

4 Reserves and surplus	31 March 2016	31 March 2015
	₹	₹
Security premium		
Balance as per the last financial statements	16,26,232	5,52,232
Addition during the year	38,86,154	10,74,000
Closing balance	55,12,386	16,26,232
Surplus/(defecit) in the statement of profit and loss		
Balance as per the last financial statements	(59,83,126)	(68,87,417)
Profit/(loss) for the year	45,21,090	9,04,291
Net surplus/(deficit) in the statement of profit and loss	(14,62,036)	(59,83,126)
Total	40,50,350	(43,56,894)

5 Other long term liabilities	31 March 2016	31 March 2015
	₹	₹
Retention money	2,95,667	7,09,948
Total	2,95,667	7,09,948

6 Other current liabilities	31 March 2016	31 March 2015
	₹	₹
Creditors for expenses	69,45,091	12,76,507
Statutory liabilities	1,03,572	10,343
Security deposits	35,000	35,000
Advance from customers	1,32,82,208	1,28,94,416
Total	2,03,65,871	1,42,16,266

7 Short-term provisions	31 March 2016	31 March 2015
	₹	₹
Provision for income tax	10,23,048	1,01,278
Total	10,23,048	1,01,278

9 Non Current Investments (Valued at cost)	31 March 2016	31 March 2015
	₹	₹
Non Trade investments		
Investment in mutual funds (quoted)		
1293.221 Units (31 March 2015: Nil) - L&T India Prudence fund Growth	24,000	-
80.434 Units (31 March 2015: Nil) - HDFC Prudence fund Growth	27,000	-
5498.563 Units (31 March 2015: Nil) - SBI Magnum Balance Fund - Gr	5,19,049	-
Total	5,70,049	-

Aggregate amount of quoted investments (Market Value: ₹5,74,097) (31 March 2015: ₹ Nil)	5,70,049	-
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in the value of investments	-	-

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016 (continued.....)

8. Tangible assets

Amount in ₹

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at beginning of the reporting period	Additions	Disposal	As at end of the reporting period	Upto last year	For the year	Withdrawal	Total	As at end of the reporting period	As at beginning of the reporting period
Free hold land	32,97,078	6,76,301	-	39,73,379	-	-	-	-	39,73,379	32,97,078
Furniture and Fixtures	4,07,390	68,841	-	4,76,231	1,87,064	61,949	-	2,49,013	2,27,218	2,20,326
Office Equipments	2,85,568	66,390	-	3,51,958	1,81,271	72,674	-	2,53,945	98,013	1,04,297
Mobile	3,649	1,200	-	4,849	-	1,396	-	1,396	3,453	3,649
Electrical fittings	58,155	-	-	58,155	26,825	8,842	-	35,667	22,488	31,330
Computers	69,159	-	-	69,159	61,631	4,738	-	66,369	2,790	7,528
Vehicles	5,17,778	12,50,000	-	17,67,778	1,89,406	1,00,572	-	2,89,978	14,77,800	3,28,372
Total	46,38,777	20,62,733	-	67,01,510	6,46,197	2,50,171	-	8,96,368	58,05,141	39,92,580
31 March 2015	40,46,130	5,92,647	-	46,38,777	2,92,177	3,54,020	-	6,46,197	39,92,580	37,53,953

INSPIRE INDIA PROPERTIES LIMITED
Notes to financial statements for the year ended 31 March 2016 (continued.....)

10 Net deferred tax liability/(asset)	31 March 2016	31 March 2015
Deferred tax liability	₹	₹
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	-
Gross deferred tax liability	-	-
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	49,902	75,224
Others: Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17,613	34,973
Gross deferred tax assets	67,515	1,10,197
Net deferred tax liability/(asset)	(67,515)	(1,10,197)

11 Long term loans and advances	31 March 2016	31 March 2015
	₹	₹
Security deposits (Unsecured considered good)	4,82,000	4,82,000
Total	4,82,000	4,82,000

12 Current Investments	31 March 2016	31 March 2015
(Valued at lower of cost or fair value unless stated otherwise)	₹	₹
Non Trade investments: Investment in mutual funds (quoted)		
573,803.391 Units (31 March 2015: 136,540) Hdfc Cmf-Treasury Advantage Plan	1,80,01,292	39,71,552
Total	1,80,01,292	39,71,552

Aggregate amount of quoted investments (Market Value: ₹1,82,17,626) (31 March 2015: ₹40,29,421)	1,80,01,292	39,71,552
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in the value of investments	-	-

INSPIRE INDIA PROPERTIES LIMITED**Notes to financial statements for the year ended 31 March 2016 (continued.....)**

13 Inventories (valued at lower of cost and net realisable value)	31 March 2016	31 March 2015
	₹	₹
Traded goods - Land	4,35,94,374	2,79,75,171
Work in process	-	1,88,75,293
Total	4,35,94,374	4,68,50,464

14 Trade receivables	31 March 2016	31 March 2015
	₹	₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,91,390	-
Other receivables		
Unsecured, considered good	96,70,526	-
Total	1,02,61,916	-

15 Cash and cash equivalents	31 March 2016	31 March 2015
	₹	₹
Cash on hand	19,60,879	17,054
Balance with Bank		
On current Account	1,00,04,740	15,69,600
Total	1,19,65,619	15,86,654

16 Short term loans and advances	31 March 2016	31 March 2015
	₹	₹
Advances recoverable in cash or kind		
Unsecured considered good		
- Advance to suppliers	-	6,975
- Advance to employees	53,449	58,008
Others		
- MAT credit entitlement	8,53,361	1,01,278
Total	9,06,810	1,66,261

INSPIRE INDIA PROPERTIES LIMITED
Notes to financial statements for the year ended 31 March 2016 (continued.....)

17 Revenue from operations	31 March 2016	31 March 2015	
	₹	₹	
Sale of products			
Traded goods - Plots	2,39,44,207	1,29,15,710	
Other operating income			
Assignment income	25,00,000	-	
Total	2,64,44,207	1,29,15,710	
18 Other Income	31 March 2016	31 March 2015	
	₹	₹	
Dividend income on mutual funds	-	15,819	
Profit on sale of investments (net)	3,83,740	6,56,752	
Other Income	5,400	48,600	
Total	3,89,140	7,21,171	
19 Purchase of traded goods	31 March 2016	31 March 2015	
	₹	₹	
Purchase of land	-	1,60,15,185	
Total	-	1,60,15,185	
20 (Increase)/decrease in inventories	31 March 2016	31 March 2015	(Increase)/ decrease
	₹	₹	₹
Inventories at the end of the year			
Work in process	-	1,88,75,293	1,88,75,293
Traded goods- Plots	4,35,94,374	2,79,75,171	(1,56,19,203)
	4,35,94,374	4,68,50,464	32,56,090
Inventories at the beginning of the year			
Work in process	1,88,75,293	1,46,01,832	(42,73,461)
Traded goods- Plots	2,79,75,171	1,64,93,812	(1,14,81,359)
	4,68,50,464	3,10,95,644	(1,57,54,820)
Total (increase)/decrease	32,56,090	(1,57,54,820)	
21 Employee Benefit Expense	31 March 2016	31 March 2015	
	₹	₹	
Salaries, wages and bonus	22,67,876	24,02,272	
Employee compensation cost	50,20,824	-	
Staff welfare expense	1,35,716	96,058	
Total	74,24,416	24,98,330	

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016 (continued.....)

22 Other expenses	31 March 2016	31 March 2015
	₹	₹
Power and fuel	70,671	70,991
Land development expenses	71,77,527	62,50,983
Repairs and maintenance - Others	1,78,607	1,51,808
Rent	7,97,920	7,98,748
Conveyance	1,92,550	1,28,053
Communication cost	58,855	80,509
Printing & Stationary	2,27,173	2,58,194
Rates & Taxes	14,945	2,260
Legal and professional charges	5,42,791	3,44,855
Insurance	18,983	8,982
Office expenses	3,78,559	2,29,273
Business Promotion expense	5,94,001	7,74,644
Travelling Expenses	6,83,657	3,97,165
Bank Charges	2,330	5,383
Books and periodicals	10,919	-
Payment to Auditors		
As auditor		
Audit Fees	57,500	57,000
In other capacity		
Other services	-	-
Others	60,946	1,41,637
Total	1,10,67,933	97,00,485

23 Finance costs	31 March 2016	31 March 2015
	₹	₹
Interest on delayed payment of direct taxes	1,01,789	-
Total	1,01,789	-

INSPIRE INDIA PROPERTIES LIMITED**Notes to financial statements for the year ended 31 March 2016 (continued.....)**

24. Contingent liabilities not provided for: ₹ Nil (31 March 2015: Nil)
25. Value of imports calculated on CIF basis: ₹ Nil (31 March 2015: Nil)
26. A) Expenditure in foreign currency: ₹ Nil (31 March 2015: Nil)
B) Earnings in foreign currency: ₹ Nil (31 March 2015: Nil)
27. Balances of loans and advances, receivables and payables are subject to confirmation/reconciliation, if any.
28. In the opinion of the Board of directors adequate provision has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the value stated in the balance sheet.
29. The Company's significant leasing arrangements are in respect of operating leases for Guest houses and office premises. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable are charged as rent under note 22.

The company also uses another office premises that is leased under non-cancellable operating lease. The company has commitment under non-cancellable operating lease (exclusive of service tax) as follows:

Minimum Lease Payment	31 March 2016 (₹)	31 March 2015 (₹)
Due within one year	3,25,380	309,840
Due later than one year and not later than five years	2,84,750	610,130
Due later than five years	-----	-----

Lease payments (exclusive of service tax) recognized in the statement of profit & loss as rent under note 22.

Rent paid	31 March 2016 (₹)	31 March 2015 (₹)
On account of Non-cancellable lease	3,25,740	2,80,968
On account of Cancellable Lease	4,72,180	5,17,780

30. Related party disclosures:**A. Name of the related parties and related party relationship**

Related parties with whom transactions have taken place during the year: (As identified by the Management and relied upon by auditors)

- Parties where control/significant influence exists (Significant interest entities)
 - o Inspire India Financial solutions Private Limited
 - o Leaders Academy for Personal Success Private Limited
- Key managerial Personnel represented on the board:
 - o Mr. Sharanabasappa C Patil - Managing Director
 - o Mr. Velloor Balakrishna - Director
 - o Mr. Krishnappa Chinnappa - Whole time Director
 - o Mr. Danappa Irappa Tadasalur - Whole time Director

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016 (continued.....)

B. Particulars of Related Party Transactions

Particulars	31 March 2016 Amount (₹)	31 March 2015 Amount (₹)
Managerial remuneration:		
Mr. Sharanabasappa C Patil	3,00,000	3,00,000
Mr. Krishnappa Chinnappa	3,00,000	3,00,000
Mr. Danappa Irappa Tadasalur	3,00,000	3,00,000
Lease rent for infrastructures:		
Inspire India Financial Solutions Private Limited	3,09,680	3,37,080
Investments in equity shares of the company:		
Mr. Sharanabasappa C Patil	25,00,000	942,000
Mr. Velloor Balakrishna	-	942,000
Mr. Krishnappa Chinnappa	25,00,000	930,000
Mr. Danappa Irappa Tadasalur	-	942,000
Sweat equity shares issued:		
Mr. Velloor Balakrishna	27,89,352	-----
Mr. Krishnappa Chinnappa	22,31,472	-----

The Company has the following amounts due from/to related parties

Particulars	31 March 2016	31 March 2015
	Amount (₹)	Amount (₹)
Due to Key Managerial personnel (included in current liabilities)	5,18,894	5,09,261
Due to Inspire India Financial Solutions Private Limited (included in current liabilities)	3,86,130	1,49,227

31. Based on the information available with the company, principal amount due to micro and small enterprises as defined under MSMED Act, 2006 is ₹ Nil (31 March 2015: Nil). Further interest paid during the year and interest due at the end of the year to micro and small enterprises is ₹ Nil (31 March 2015: Nil).
32. The company has not provided for gratuity on actuarial basis as required by AS-15 prescribed under the Companies (Accounting Standards) Rules, 2006, (as amended) which continues to apply as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014. The same shall be adjusted in the accounts after getting the actuarial valuation report. The liability is not covered by funding the same.

INSPIRE INDIA PROPERTIES LIMITED

Notes to financial statements for the year ended 31 March 2016 (continued.....)

33. Calculation of EPS (Basic and Diluted)

S.no	Particulars	31 March 2016	31 March 2015
1	Opening No. of Shares	41,11,911	41,11,911
2	Total Shares Outstanding	65,91,978	46,48,911
3	Weighted average number of shares	49,09,247	42,90,258
4	Net Profit attributable to equity share holders	45,21,090	₹.9,04,291
5	Basic and Diluted EPS	₹ 0.92	₹ 0.21

34. The company has reclassified previous year figures to conform to current year's classification.

as per our report of even date
for M/s T D JAIN AND D I SAKARIA
Chartered Accountants
firm Registration No.002491S

for and on behalf of the Board

DHANPAL I SAKARIA

Partner
M.No.213666

Managing Director
Sharan Patil

Director
Balakrishnan V

Company Secretary
Shweta Sharma

Place: Bengaluru
Date: 10 August 2016