

## **Independent Auditor's Report**

To the members of **Sovereign Buildwell Private Limited**

### **I. Report on the Audit of the Standalone Financial Statements**

#### **1. Opinion**

- a) We have audited the accompanying standalone financial statements of **Sovereign Buildwell Private Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
- b) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (Act), in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **2. Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics (CoE) issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **4. Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

- a) The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- b) In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact, we have nothing to report in this regard.

## **5. Management's Responsibility for the Standalone Financial Statements**

- a) The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- b) In preparing the standalone financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process

## **6. Auditor's Responsibility for the Audit of the Standalone Financial Statements**

- a) Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.
- b) As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - i) Identify and assess the risks of material misstatement of the standalone 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.
  - ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operative effectiveness of such controls.
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv) 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 Company'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 standalone 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 Company to cease to continue as a going concern.

- v) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- c) Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
- d) 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.
- e) We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- f) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

- (i) As required by Section 143(3) of the Act, based on our audit report we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2021, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- i) The Company has not paid any managerial remuneration during the year.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note No. 16 to the standalone financial statements.
  - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (ii) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure-B" a Statement on the matters specified in paragraphs 3 and 4 of the Order.

A-14-A, Single Storey,  
First Floor, Vijay Nagar,  
New Delhi

ASRV & Associates  
Chartered Accountants  
Firm Registration No. 032290N  
By the hand of

-----Sd-----

June 14, 2021  
New Delhi.  
UDIN: 21093812AAAABJ1763

Kamal Ahluwalia  
Partner  
Membership No. 093812

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph II (i) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Sovereign Buildwell Private Limited** of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 **Sovereign Buildwell Private Limited** ("the Company") as of March 31, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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 (the "Guidance Note") 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 respective 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 standalone 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 internal financial controls system over financial reporting of the Company.

#### **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 standalone 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 (3) 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 standalone financial statements.

### **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, to the best of our information and according to the explanations given to us, 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 March 31, 2021, 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 issued by the ICAI.

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By the hand of

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June 14, 2021  
New Delhi.  
UDIN: 21093812AAAABJ1763

Kamal Ahluwalia  
Partner  
Membership No. 093812

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph II (ii) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Sovereign Buildwell Private Limited** of even date)

- i) The Company does not own any property, plant and equipment.
- ii) The Company does not own any inventory.
- iii) According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned subsidiaries covered in the register maintained under section 189 of the Act, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The receipts of principal and interest, whenever recoverable during the year, are as per mutually agreed stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) As per the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act in respect of activities carried out by the Company.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess, and other statutory dues applicable to it.  
According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2021, for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, duty of customs and cess that have not been deposited by the Company with appropriate authorities on account of dispute.
- viii) In our opinion and according to the information and explanation given to us, there are no loans or borrowings from a financial institution, bank, government or dues to debenture holders.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loan during the year.

- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has not paid any managerial remuneration during the year.
- xii) The Company is not a nidhi company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares during the year under review.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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June 14, 2021  
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ASRV & Associates  
Chartered Accountants  
Firm Registration No. 032290N  
By the hand of

-----Sd-----

Kamal Ahluwalia  
Partner  
Membership No. 093812

**Sovereign Buildwell Private Limited**  
H-65, Connaught Circus, New Delhi-110001.  
**Balance Sheet as at March 31, 2021**

	Notes	March 31, 2021 Rs.	March 31, 2020 Rs.
<b>ASSETS</b>			
<b>Non current assets</b>			
Financial assets			
Investments	3	10,00,000	10,00,000
Other non current assets	4	2148,11,828	2238,07,750
<b>Total non current assets</b>		<b>2158,11,828</b>	<b>2248,07,750</b>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	5	16,382	17,045
Loans	6	5,87,000	5,57,000
Others	7	1,650	1,650
<b>Total current assets</b>		<b>6,05,032</b>	<b>5,75,695</b>
<b>TOTAL ASSETS</b>		<b>2164,16,860</b>	<b>2253,83,445</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	5,00,000	5,00,000
Other equity		(4,82,348)	(5,08,486)
<b>Total equity</b>		<b>17,652</b>	<b>(8,486)</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial liabilities			
Borrowings	9	2077,88,005	2167,58,005
<b>Total non current liabilities</b>		<b>2077,88,005</b>	<b>2167,58,005</b>
<b>Current liabilities</b>			
Financial liabilities			
Others	10	1,96,026	60,342
Provisions	11	4,078	1,62,485
Other current liabilities	12	84,11,100	84,11,100
<b>Total current liabilities</b>		<b>86,11,204</b>	<b>86,33,927</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2164,16,861</b>	<b>2253,83,446</b>
<b>CORPORATE INFORMATION</b>	1		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	2		
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	3-22		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date attached.

ASRV & Associates  
Chartered Accountants  
By the hand of

-----Sd-----

Kamal Ahluwalia  
Partner  
Membership No.093812  
June 14, 2021  
New Delhi.

-----Sd-----

Anil Maini, Director  
DIN: 06849619

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Jai Prakash, Director  
DIN: 07290022

**Sovereign Buildwell Private Limited**  
H-65, Connaught Circus, New Delhi-110001.

**Statement of Profit and Loss for the year ended March 31, 2021**

	Notes	March 31, 2021	March 31, 2020
		Rs.	Rs.
<b>INCOME</b>			
Other income	13	49,361	6,58,025
<b>Total income</b>		<b>49,361</b>	<b>6,58,025</b>
<b>EXPENSES</b>			
Other expenses	14	23,223	33,083
<b>Total expenses</b>		<b>23,223</b>	<b>33,083</b>
<b>Profit before tax</b>		<b>26,138</b>	<b>6,24,942</b>
Less: Tax expense			
Current tax (MAT)		4,078	1,62,485
MAT credit entitlement		(4,078)	-
<b>Profit for the year</b>		<b>26,138</b>	<b>4,62,457</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>26,138</b>	<b>4,62,457</b>
Earnings per share [equity share, par value of Rs. 10 (Rs. 10) each]			
- Basic and diluted	20	0.52	9.25

**CORPORATE INFORMATION**

1

**SIGNIFICANT ACCOUNTING POLICIES**

2

**NOTES TO THE FINANCIAL STATEMENTS**

3-22

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

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By the hand of

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Kamal Ahluwalia  
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Membership No.093812  
June 14, 2021  
New Delhi.

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DIN: 06849619

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Jai Prakash, Director  
DIN: 07290022

**Sovereign Buildwell Private Limited**  
H-65, Connaught Circus, New Delhi-110001.

**Statement of Changes in Equity for the year ended March 31, 2021**

	Notes	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity share holders of the company
		Rs.	Rs.	Rs.
Balance as at March 31, 2020		5,00,000	(5,08,486)	(8,486)
Profit for the year		-	26,138	26,138
Balance as at March 31, 2021		5,00,000	(4,82,348)	17,652

<b>CORPORATE INFORMATION</b>	<b>1</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>2</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>3-22</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

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Jai Prakash, Director  
DIN: 07290022

**Sovereign Buildwell Private Limited**  
H-65, Connaught Circus, New Delhi-110001.

**Cash Flow Statement for the year ended March 31, 2021**

	Notes	March 31, 2021 Rs.	March 31, 2020 Rs.
<b>A. CASH FLOW FROM OPERATIONS</b>			
Profit before tax		26,138	6,24,942
<b>Operating profit before working capital changes</b>		<b>26,138</b>	<b>6,24,942</b>
Decrease/(increase) in short term loans and advances		(30,000)	(25,000)
Decrease/(increase) in current other financial assets		-	1,84,000
Increase/(decrease) in current trade payables		-	84,11,100
Increase/(decrease) in other current financial liabilities		1,35,684	-
Increase/(decrease) in current provisions		(1,58,407)	-
Increase/(decrease) in other current liabilities		-	(79,63,185)
<b>Cash generated from operations</b>		<b>(26,585)</b>	<b>12,31,857</b>
Tax paid during the year		-	-
<b>Net cash from operating activities</b>		<b>(26,585)</b>	<b>12,31,857</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Decrease/(increase) in other non current assets		89,95,922	-
<b>Net cash from investing activities</b>		<b>89,95,922</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term borrowings		(89,70,000)	(12,35,000)
<b>Net cash used in financing activities</b>		<b>(89,70,000)</b>	<b>(12,35,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(663)</b>	<b>(3,143)</b>
Cash and cash equivalents - Opening balance		17,045	20,188
Cash and cash equivalents - Closing balance		16,382	17,045

**Note: Figures in brackets indicate cash outflow.**

**CORPORATE INFORMATION**

**1**

**SIGNIFICANT ACCOUNTING POLICIES**

**2**

**NOTES TO THE FINANCIAL STATEMENTS**

**3-22**

This is the Cash Flow Statement referred to in our report of even date.

ASRV & Associates  
Chartered Accountants  
By the hand of

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-----Sd-----

Kamal Ahluwalia  
Partner  
Membership No.093812  
June 14, 2021  
New Delhi.

Anil Maini, Director  
DIN: 06849619

Jai Prakash, Director  
DIN: 07290022

## **1 CORPORATE INFORMATION**

Sovereign Buildwell Private Limited is wholly owned subsidiary of Anant Raj Limited, domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is primarily engaged in business of real estate.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **a) BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

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.

### **b) USE OF ESTIMATES**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### **c) REVENUE RECOGNITION**

Income and expenditure are accounted for on accrual basis.

### **d) FINANCIAL INSTRUMENTS**

Loans obtained from holding company is measured at historical cost as it is payable on demand. Accordingly, in accordance with the provisions of Ind AS-113 Fair Valuation Measurement issued by Ministry of Corporate Affairs, fair value of loans payable on demand will not be less than its historical cost.

#### **Current versus non current classification**

The Company presents its assets and liabilities in the financial statements based on current and non current classification.

#### **An asset is treated as current when it is:**

- (i) Expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle.
- (ii) Held primarily for the purpose of being traded;
- (iii) Expected to be realised within twelve month after the reporting date; and
- (iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company classifies all other assets as non current.

#### **A liability is current when it is:**

- (i) It is expected to be settled in the Company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is due to be settled within twelve months after the reporting date; and
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non current.

### **e) INVESTMENT IN SUBSIDIARIES**

Investment in subsidiaries is carried at cost in the financial statements.

### **f) TAX EXPENSES**

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

**g) CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**h) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents 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.

**i) EARNINGS PER SHARE**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**j) PROVISIONS**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Sovereign Buildwell Private Limited**

## Notes to financial statements

	March 31, 2021	March 31, 2020
	Rs.	Rs.

**3 INVESTMENTS****Non current**

Unquoted equity instruments (subsidiaries)

50,000 (50,000) equity shares of Rs. 10 (Rs. 10) fully paid up in

Excellent Inframart Pvt. Ltd.

5,00,000

5,00,000

50,000 (50,000) equity shares of Rs. 10 (Rs. 10) fully paid up in

Sartaj Developers &amp; Promoters Pvt. Ltd.

5,00,000

5,00,000

Aggregate cost of unquoted investments

10,00,000

10,00,000

**4 OTHER NON CURRENT ASSETS**

Unsecured

Capital advances

2078,07,750

2168,07,750

Advances recoverable in cash or in kind

70,00,000

70,00,000

MAT credit entitlement

4,078

-

2148,11,828

2238,07,750

**5 CASH AND CASH EQUIVALENTS**

Balance with bank in current account

12,650

13,313

Cash on hand

3,732

3,732

16,382

17,045

**6 LOANS****Current**

Unsecured, considered good

Loan to related parties^

5,87,000

5,57,000

Notes:

Loans to related parties represents unsecured loans given to subsidiary companies, which loans are recoverable, whenever stipulated or as mutually agreed.

**7 OTHER FINANCIAL ASSETS**

Interest receivable from subsidiaries

1,650

1,650

1,650

1,650

**8 EQUITY SHARE CAPITAL**

Authorized

50,000 (50,000) equity shares of Rs. 10 (Rs. 10) each

5,00,000

5,00,000

Issued, subscribed and paid up

50,000 (50,000) equity share of Rs. 10 (Rs. 10) each fully paid up

5,00,000

5,00,000

Notes:

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

	March 31, 2021		March 31, 2020	
	Number	Rs.	Number	Rs.
Number of shares outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Number of shares outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

b) Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

**Sovereign Buildwell Private Limited**

## Notes to financial statements

## c) Shares held by holding Company

	March 31, 2021	March 31, 2020
	Rs.	Rs.
*50,000 (50,000) equity shares of Rs. 10 (Rs. 10) each fully paid up	5,00,000	5,00,000
*Includes 6 (6) equity shares held by nominees of the holding company, Anant Raj Limited		

## d) Details of shareholders holding more than 5% shares in the Company

	March 31, 2021		March 31, 2020	
	Nos.	% holding	Nos.	% holding
Anant Raj Limited, holding company	50,000	100%	50,000	100%
Equity shares of Rs. 10 (Rs. 10) each fully paid up				

**March 31, 2021**    **March 31, 2020**  
**Rs.**                      **Rs.**

**9 BORROWINGS****Non current**

## Unsecured

Loan from related party\*

2077,88,005	2167,58,005
-------------	-------------

## Notes:

Loan from related party represents unsecured loan obtained from holding company, which is repayable, whenever stipulated or as mutually agreed.

**10 OTHER FINANCIAL LIABILITIES**

Expenses payable\*

1,67,994	32,310
----------	--------

Interest payable to holding company

28,032	28,032
--------	--------

1,96,026	60,342
----------	--------

\*Includes Rs. 1,39,424 (Rs. 17,900) payable to holding Company.

**11 PROVISIONS**

Income tax

4,078	1,62,485
-------	----------

4,078	1,62,485
-------	----------

**12 OTHER CURRENT LIABILITIES**

Sundry creditors for capital goods

84,11,100	84,11,100
-----------	-----------

84,11,100	84,11,100
-----------	-----------

\*Includes Rs. 84,11,100 (Rs. 84,11,100) payable to holding Company.

**13 OTHER INCOME**

Profit on sale of land

-	6,58,025
---	----------

Amount written off

49,361	-
--------	---

49,361	6,58,025
--------	----------

**14 OTHER EXPENSES**

Payment to auditors as audit fees

14,160	14,160
--------	--------

Filing fees

8,400	17,900
-------	--------

Legal and professional

-	360
---	-----

Bank charges

663	663
-----	-----

23,223	33,083
--------	--------

**15 CONTINGENT LIABILITY (TO THE EXTENT NOT PROVIDED FOR):**

The Company, being the holder of residual interest in lands transferred under business development agreement to its holding company, Anant Raj Limited, has guaranteed the loans obtained by its holding company by mortgaging its interest in lands, relevant details whereof are as under:

	March 31, 2021	March 31, 2020
	Rs.	Rs.
(i) In respect of term loans and working capital facilities* [Against which outstanding amount of term loans and working capital facilities as at March 31, 2021, was Rs. 8,264,865,492 (Rs. 7,907,293,470)]	115278,00,000	125831,00,000

\* The Company holds a counter guarantee from the holding company enforceable in the event of the aforesaid banks enforcing the guarantee given by the Company.

**16** The Company has filled a suit for recovery for an amount of Rs. 73,28,125, together with interest at the rate 18 % per annum, against one Dalbir who has represented himself as owner of a piece of land in Village Kadarapur, Gurugram, Haryana, and; based upon such representation, the Company had paid the entire sale consideration to him. It later transpired that Dalbir did not possess clear marketable title to the said land. The matter is still sub-judice.

The Company had purchased a piece of land in Village Ullawas, Total Land 14 K half share of which is being claimed by certain persons to be their property on basis of their inheritance. The possession of such land continues to be with the company and no stay order against such possession has been granted by any Court. The matter is still sub-judice.

**17** The Company has entered into a business development agreement with Anant Raj Limited, the holding company whereby the Company had given irrevocable development rights in respect of identified lands acquired by the Company in favor of its holding company entitling the holding company to develop, market, sell, realize and retain the entire sale proceeds of the project to be developed by it on such lands. The title of lands is with the Company.

**18** As per the best estimates and in the opinion of the Board of Directors of the Company, no provision is required to be made towards diminution in the value of investments during the year.

**19** The Company has not recognized deferred tax assets as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

**20 EARNINGS PER SHARE (EPS)**

The earnings considered in ascertaining the Company's EPS is the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The weighted diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

		<b>March 31, 2021</b>	<b>March 31, 2020</b>
Profit for the year	Rs.	26,138	4,62,457
Nominal value of equity share	Rs.	10	10
Weighted average number of equity shares outstanding during the year	No.	50,000	50,000
Basic and diluted earnings per share	Rs.	0.52	9.25

**21 RELATED PARTY DISCLOSURES**

Pursuant to Indian Accounting Standard (Ind AS-24) on "Related Party Disclosures" issued by the "Ministry of Corporate Affairs", Government of India following parties are to be treated as related parties along with their relationships:

a) List of related parties where control exists and other related parties with whom transactions have taken place and relationship :

**Holding Company**

Anant Raj Limited

**Subsidiary companies**

Excellent Inframart Private Limited

Sartaj Developers & Promoters Private Limited

**Fellow Subsidiaries**

Adonai Home Private Limited

Advance Buildcon Private Limited

Anant Raj Cons. & Development Private Limited

Anant Raj Cloud Private Limited#

Hemkunt Promoters Private Limited \*

High Land Meadows Private Limited \*

Jai Govinda Ghar Nirman Limited

Jasmine Buildwell Private Limited

## Sovereign Buildwell Private Limited

### Notes to financial statements

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Anant Raj Estate Management Services Limited	Jubilant Software Services Private Limited *
Anant Raj Global Limited *	Kalinga Buildtech Private Limited *
Anant Raj Hotels Limited *	Kalinga Realtors Private Limited *
Anant Raj Housing Limited	Krishna Buildtech Private Limited *
Anant Raj Infrastructure Private Limited *	Monarch Buildtech Private Limited *
Anant Raj Projects Limited *	Moon Shine Entertainment Private Limited *
Ankur Buildcon Private Limited *	North South Properties Private Limited
A-Plus Estates Private Limited *	Novel Buildmart Private Limited *
AR Login 4 Edu Private Limited	Novel Housing Private Limited *
BBB Realty Private Limited *	Oriental Meadows Limited *
Blossom Buildtech Private Limited@	Oriental Promoters Private Limited *
Bolt Properties Private Limited *	Papillion Buildtech Private Limited *
Capital Buildcon Private Limited *	Papillon Buildcon Private Limited *
Capital Buildtech Private Limited *	Park Land Construction & Equipment Private Limited*
Carnation Buildtech Private Limited *	Park Land Developers Private Limited *
Century Promoters Private Limited	Park View Promoters Private Limited *
Echo Buildtech Private Limited *	Pasupati Aluminium Limited
Echo Properties Private Limited	Pelikan Estates Private Limited
Elegant Buildcon Private Limited *	Pioneer Promoters Private Limited
Elegant Estates Private Limited *	Rapid Realtors Private Limited *
Elevator Buildtech Private Limited *	Rising Realty Private Limited *
Elevator Promoters Private Limited *	Rolling Construction Private Limited
Elevator Properties Private Limited *	Romano Estates Private Limited
Empire Promoters Private Limited	Romano Estate Management Services Limited
Fabulous Builders Private Limited *	Romano Infrastructure Private Limited
Four Construction Private Limited	Romano Projects Private Limited
Gadget Builders Private Limited *	Rose Realty Private Limited
Gagan Buildtech Private Limited *	Roseview Buildtech Private Limited *
Glaze Properties Private Limited	Roseview Properties Private Limited *
Greatways Buildtech Private Limited *	Sand Storm Buildtech Private Limited *
Green Retreat and Motels Private Limited *	Saiguru Buildmart Private Limited
Green Valley Builders Private Limited	Sartaj Developers & Promoters Private Limited
Green View Buildwell Private Limited *	Spring View Developers Private Limited
Green Way Promoters Private Limited	Spiritual Developers Private Limited *
Greenline Buildcon Private Limited *	Springview Properties Private Limited
Greenline Promoters Private Limited *	Suburban Farms Private Limited *
Greenwood Properties Private Limited *	Three Star Realty Private Limited@
Gujarat Anant Raj Vidhyanagar Limited	Townsend Construction & Equipment Private Limited*
Goodluck Buildtech Private Limited *	Travel Mate India Private Limited *
Grand Buildtech Private Limited *	Twenty First Developers Private Limited *
Grand Park Estates Private Limited *	Tumhare Liye Realty Private Limited
Grand Park Buildtech Private Limited *	Vibrant Buildmart Private Limited@
Grandstar Realty Private Limited	West Land Buildcon Private Limited *
Hamara Realty Private Limited	Woodland Promoters Private Limited

@Ceased to be fellow subsidiary during the year

# Became fellow subsidiary during the year.

\*The Hon'ble NCLT, Chandigarh Bench, sanctioned the Composite Scheme of Arrangement for Amalgamation and Demerger among Anant Raj Agencies Private Limited (Amamlgamating Company), Anant Raj Limited (Amamlgamated/Demergered Company) and Anant Raj Global Limited (Resulting Company) dated August 24, 2020 and made effective on August 25, 2020. The investment in the aforesaid Companies forms part of the assets of the Project Division of the holding company, Anant Raj Limited, which have been transferred to Resulting Company, Anant Raj Global Limited. Hence, these companies have ceased to be fellow subsidiaries.

#### Related party

Maneesh Gupta	Director
Jai Prakash	Director
Narayan Singh Rajpoot	Director
Anil Maini	Director

**Note:** Related party relationship is as identified by the management of the Company.

**Sovereign Buildwell Private Limited**

## Notes to financial statements

## b) Transaction during the year with related parties (excluding reimbursements):

S No.	Nature of transactions	Related party	March 31, 2021 Rs.	March 31, 2020 Rs.
1	Loan received	Anant Raj Limited	30,000	2,65,000
2	Loan paid back	Anant Raj Limited	90,00,000	15,00,000
3	Loans given	Sartaj Developers & Promoters Pvt. Ltd.	15,000	10,000
4	Loan given	Excellent Inframart Pvt Ltd	15,000	15,000
5	Guarantees given on behalf	Anant Raj Limited	19500,00,000	21500,00,000
6	Purchase of land	Anant Raj Limited	-	87,95,100
7	Advance paid	Anant Raj Limited	-	3,84,000

## c) Amount outstanding as at March 31, 2021:

S No.	Account head	Related party	March 31, 2021 Rs.	March 31, 2020 Rs.
1	Non-current borrowings	Anant Raj Limited	2077,88,005	2167,58,005
2	Loans- current	Sartaj Developers & Promoters Pvt.Ltd.	3,57,000	3,42,000
	Loans- current	Excellent Inframart Pvt. Ltd.	2,30,000	2,15,000
3	Non-current investments	Excellent Inframart Pvt. Ltd.	5,00,000	5,00,000
	Non-current investments	Sartaj Developers & Promoters Pvt.Ltd.	5,00,000	5,00,000
4	Other financial liabilities-Interest	Anant Raj Limited	28,032	28,032
5	Other financial assets	Sartaj Developers & Promoters Pvt.Ltd.	740	740
		Excellent Inframart Pvt. Ltd.	910	910
6	Other financial liabilities-Payable	Anant Raj Limited	1,39,424	17,900
7	Other current liabilities-Payable	Anant Raj Limited	84,11,100	84,11,100

**22** Previous year figures have been regrouped/recast, where ever necessary to confirm with this year's presentation.

The accompanying notes are an integral part of the financial statements.

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June 14, 2021  
New Delhi.

Anil Maini, Director  
DIN: 06849619

Jai Prakash, Director  
DIN: 07290022