

EARNEST CONSTRUCTIONS PRIVATE LIMITED

2/4, Langford Garden, Richmond Town, Bengaluru - 560 025, India.
Ph : 91-80-41343400 | E-mail : control@adarshdevelopers.com
CIN-U45200KA2011PTC059905

September 28, 2024

To,
BSE Limited,
Listing Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort Mumbai — 400001

Debt Scrip Code: 974942; ISIN: INE0HCI07011

Dear Sir/Madam,

Sub: Intimation under Regulation 50(2) and Regulation 53(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Annual Report for the Financial Year 2023-24 along with the Notice of the Annual General Meeting.

Pursuant to Regulation 50(2) and Regulation 53(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We enclose the Annual Report of the Company for the Financial Year 2023-2024 along with the Notice of the 13th Annual General Meeting scheduled to be held at shorter notice on Monday, September 30, 2024, at 11:30 A.M. (IST).

This is to inform you that the Company on September 28, 2024, has dispatched to the shareholders of the Company, the Notice convening the 13th Annual General Meeting (“AGM”) of the Company.

We request you to take the above intimation on record.

Thanking You.

Yours' faithfully

For Earnest Constructions Private Limited


B M Karmesh
Director
DIN/00693174



Encl: Annual Report for the FY 2023-2024

EARNEST CONSTRUCTIONS PRIVATE LIMITED

2/4, Langford Gardens, Richmond Town, Bengaluru-560 025, India.

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NOTICE

Notice is hereby given that the 13th (Thirteenth) Annual General Meeting of the Members of Earnest Constructions Private Limited will be held at *Shorter Notice* on Monday, 30th September 2024 at 11:30 A.M. at the Registered Office of the Company situated at No.# 2/4, Langford Garden, Richmond Town, Bengaluru 560025 to transact the following business:

ORDINARY BUSINESS:

1. TO APPROVE AND ADOPT THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Financial Statements of the Company which include the Audited Balance Sheet as at March 31, 2024, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon be hereby approved and adopted.”

2. TO RE-APPOINT M/S. ALP & ASSOCIATES, CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board, the Company hereby re-appoints M/s. ALP & Associates, Chartered Accountants (Firm Registration No. 328740E), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting of the Company to be held for the financial year 2028-2029 on such remuneration as may be determined by the Board of Directors in consultation with the auditors.”

For and On behalf of the Board of Directors



B M Karunesh

Director

DIN: 00693174

Villa No 6, Phase I Adarsh Palm
Meadows, Varthur Road, Whitefield

Bangalore- 560080

Place: Bangalore

Date: 28.09.2024

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty-eight (48) hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
3. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their Folio No.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
5. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
6. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
8. Members holding shares in physical form should submit their PAN to the Company.
9. Members holding shares in single name and in physical form are advised to make a nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialized form are advised to make a nomination through their Depository Participants.
10. The audited Financial Statements including Balance Sheet as on 31st March 2024 and Profit and Loss Account for the year ended as on that date and the reports of the Board of Directors and Auditors there on are attached herewith.

For and On behalf of the Board of Directors



(Handwritten signature in blue ink)

**B M Karunesh
Director
DIN: 00693174**

**Villa No 6, Phase I Adarsh Palm
Meadows, Varthur Road, Whitefield
Bangalore- 560080**

**Place: Bangalore
Date: 28.09.2024**

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

CIN: U45200KA2011PTC059905

Name of the Company: **EARNEST CONSTRUCTIONS PRIVATE LIMITED** Registered Office: No. 2/4 Langford Garden, Richmond Town, Bengaluru – 560025, Karnataka

E-Mail: CONTROL@adarshdevelopers.com

Name of the member(s)	:	
Registered address	:	
Registered email id	:	
Folio No	:	
No. of shares held	:	

I/We, being the member (s) of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, 30th September 2024 at 11:30 A.M. at No. 2/4 Langford Garden, Richmond Town, Bengaluru – 560025, and at any adjournment thereof in respect of such resolutions as are indicated below:

I direct my Proxy to vote on the Resolutions in the manner indicated below:

Sl. No.	Resolution(s)	For	Against
Ordinary Business			
1.	To approve and adopt the Audited Annual Financial Statements for the year ended March 31, 2024.		
2.	To re-appoint M/s. ALP & Associates, Chartered Accountants as Statutory Auditors of the Company.		

Signed this... day of..... 2024.

Affix
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Attendance Slip
Annual General Meeting

Registered Folio Number

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Number of Shares held

--	--	--	--	--	--	--

I certify that I am a member/proxy for the member of the company.

I hereby record my presence at the Annual General Meeting of the Company held Monday, 30th September 2024 at 11:30 A.M. (IST) at No. 2/4 Langford Garden, Richmond Town, Bengaluru – 560025, Karnataka.

.....

Name of the Member/Proxy

(In BLOCK letters)

.....

Signature of the Member/Proxy

Note: Please fill this Attendance Slip and hand it over at the entrance of Meeting Hall, Members are requested to bring their copies of Notice to the AGM.

Route Map:

Address: No. 2/4 Langford Garden, Richmond Town, Bengaluru – 560025, Karnataka



EARNEST CONSTRUCTIONS PRIVATE LIMITED

2/4, Langford Gardens, Richmond Town, Bengaluru-560 025, India.

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DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the 13th Annual Report of your Company together with the Audited Financial Statements and Auditors' Report of your company for the financial year ended 31st March, 2024. The Company is a Private Limited Company which has listed its Debentures via Private Placement and therefore as per the provisions of Companies (Specification of definitions details) Second Amendment Rules, 2021, via circular dated 19th February 2021 it is not treated as a Listed Company for the purpose of Companies Act, 2013. The Provisions of SEBI Listing Obligation and Disclosure Regulations, 2015 are applicable to the Company for the financial year ended 31st March, 2024.

1. FINANCIAL/ OPERATIONAL HIGHLIGHTS

Your Company's financial highlights for the year ended March 31, 2024, are summarized below:

Particulars	(Rs. in Lakhs)	
	Year ended 31 st March 2024	Year ended 31 st March 2023
Total Revenue	1.67	1.29
Less: Total Expenses	525.57	45.24
Expenses Transfer to WIP	-	-
Profit before exceptional and extraordinary items and tax	-	-
Profit Before Tax	(523.90)	(43.95)
Less: Tax Expenses		
• Current Tax	-	-
• Deferred Tax	-	-
• Prior Income Tax	-	-
Profit/(Loss) after tax	(523.90)	(43.95)

2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

The Company has incurred a loss of Rs. 523.90 Lakhs as compared to the previous year's loss of Rs. 43.95 Lakhs and total revenue of Rs. 1.67 Lakhs for the Current Year when compared to the previous year's revenue of Rs. 1.29 Lakhs. There was no change in the nature of business of the company.

The Directors of the Company are hopeful of better performance in the years to come.

The company had issued and allotted 32,000 Secured, Listed, Redeemable Non-Convertible Debentures having face value of Rs. 1,00,000/- each during the financial year 2023-2024 and listed with BSE Limited.

3. MATERIAL CHANGES AND COMMITMENT, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

4. DIVIDEND

The Company has not declared any dividend for the financial year ended 31.03.2024.

5. TRANSFER TO RESERVES

The Board does not recommend any amount to be transferred to General Reserves for this Financial Year.

6. MEETINGS

The Company conducted 17 board meetings during the Financial Year 2023-24 in adherence with Section - 173 of the Companies Act, 2013 which is summarized as below:

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	26.04.2023	2	2
2.	15.05.2023	2	2
3.	17.05.2023	2	2
4.	19.05.2023	2	2
5	22.05.2023	2	2
6.	14.06.2023	2	2
7.	19.06.2023	2	2
8.	26.06.2023	2	2
9.	27.06.2023	2	2
10.	18.07.2023	2	2
11	14.08.2023	2	2
12.	29.08.2023	2	2
13	10.11.22023	2	2
14.	30.11.2023	2	2
15.	19.01.2024	2	2
16.	05.02.2024	2	2
17.	14.02.2024	2	2

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the period under review, there were no changes in the Board's Composition.

However, Ms. Sneha R Jain was appointed as Company Secretary and Compliance Officer of the Company with effect from July 18, 2023.

Present Board's Composition as below -

Sl. No	Directors	Designation
1.	B M Karunesh	Director
2.	B M Jayeshankar	Director

The Company was not required to appoint Independent Directors.

The Company was not required to appoint any other Whole Time Key Managerial Personnel as the Company is a Private Limited Company as per the provisions of Section 203 of The Companies Act, 2013.

8. STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s. ALP & Associates, Chartered Accountants (Firm Registration No. 328740E) hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment until the conclusion of 18th Annual General Meeting of the company to be held in the Year 2028-29.

As required under the provisions of section 139(1) of the Companies Act, 2013, the company has received a written consent from M/s. ALP & Associates, Chartered Accountants (Firm Registration No. 328740E) to their re-appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the new Act and the Rules framed there under and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Company, being a Private Limited Company and as per the provisions of Section 138 of Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 it was not required to appoint Internal Auditors for the financial year.

The Company, being a Private Limited Company and as per the provisions of Section 204 of Companies Act, 2013 it was not required to appoint Secretarial Auditors for the financial year.

9. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There are no frauds reported by the Auditors.

10. BOARD'S COMMENTS ON AUDITORS' REPORT

The observations of the Auditors in their report read together with the Notes on Accounts are self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

11. EXPLANATION OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS AUDIT REPORT

There are no observations (including any qualification, reservation, adverse remark and disclaimer/ frauds reported by the Auditors in their Audit Report.

Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

12. COST RECORDS AND COST AUDIT:

As per the Cost Audit Rules, cost audit or maintenance of cost records is not applicable to the Company's any products/ business of the Company for F.Y. 2023-24.

13. RISK MANAGEMENT POLICY

The management of the Company has duly adopted the Risk Management Policy as per the requirement of the Companies Act, 2013. Further, they had taken adequate care in its implementation by identifying various element of risk which may cause serious threat to the existence of the Company.

14. DETAILS OF DEBENTURE TRUSTEE

The details of debenture trustee for the non-convertible debentures issued by the Company and listed on the debt segment of BSE Limited are as under:

Name: Vistra ITCL (India) Limited

Address: The IL&FS Financial Centre, Plot no. C-22, G block, 7th floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

15. THE DETAILS OR SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

16. INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Board of Directors of the company has adopted various policies, procedures and risk-based control measures for assurance of key procedures and efficient control of business, for safeguarding of its assets, for prevention and detection of frauds and errors, the accuracy and completeness of the accounting statements and records.

In the opinion of the Board, the existing internal control measures and polices are adequate.

17. ANNUAL EVALUATION

The provision of section 134(3)(p) relating to board evaluation is not applicable to the company.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts for the financial year ended March 31, 2024, the applicable Accounting Standards have been followed along with proper explanation to material departures;
2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company, for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.
5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. SHARE CAPITAL

The Authorized Capital of the Company at the end of the Financial Year is Rs. 10,00,000/- (Rs. Ten Lakhs only) divided into 1,00,000 (One Lakh) Equity Shares of Rs. 10/- (Ten Only) each.

And on the end of Financial Year the Paid-up capital of the Company is Rs. 4,00,000/- (Four Lakhs only) divided into 40,000 (Forty Thousand) Equity Shares of Rs. 10/- (Ten Only) each.

There is no change in the share capital of the company during the financial year under review.

a. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

c. BONUS SHARES

No Bonus Shares were issued during the year under review.

d. ISSUE OF SHARES WITH DIFFERENTIAL RIGHTS

The Company under the provision of Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 [Chapter IV] has not issued any shares with Differential Rights.

20. DEPOSIT

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);

21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The particulars of the loans, Guarantees or investments made by the Company forms part of the notes to Financial Statements. The Company being involved in providing infrastructural facilities read with Schedule VI of Companies Act, 2013, the provisions of Section 186 are not applicable.

22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year ended 31st March, 2024 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. However, the disclosure of transactions with related party for the year, as per Ind AS 24 - Related Party Disclosures is given in Notes to the Balance Sheet as on 31st March, 2024.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy

Particulars	Explanations
(i) the steps taken or impact on conservation of energy	The Company has adopted such technology to ensure maximum conservation of energy
(ii) the steps taken by the company for utilizing alternate sources of energy	It makes timely maintenance of accessories used in providing services to make optimum utilization of electricity.
(iii) the capital investment on energy conservation equipment's	No capital investment been made of conservation of equipment

B. Technology Absorption

Particulars	Explanations
(i) the efforts made towards technology absorption	The Company is conscious towards technology absorption and adequate measures have been taken to conserve energy.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	Cost Reduction
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	NIL
(iv) the expenditure incurred on Research and Development	NIL

C. Foreign Exchange Earnings and Outgo

There was no foreign exchange inflow or Outflow during the year under review.

24. CHANGE IN THE NATURE OF BUSINESS

No Change in the nature of the business of the Company

25. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION & EMPLOYEES

The provision of section 134(3) (e) relating to policy on Directors' appointment and Remuneration is not applicable to the company.

26. EXTRACT OF ANNUAL RETURN

Pursuant to Sections 92 and 134 of the Act, the Annual Return as at March 31, 2024 in Form MGT-7A, is available on the website of the Company at www.earnesteconstructions.com

27. CORPORATE SOCIAL RESPONSIBILITY

The company does not fall under the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. Hence complying with the provisions of this section does not apply. Therefore, the Annual Report of CSR is not required to be attached.

28. OBLIGATION OF THE COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 READ WITH THE RULES

Your Directors hereby state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no cases are pending for said year

29. COMMITTEES OF THE BOARD

The details of composition of the Committees of the Board of Directors are as under:-

- a. **Audit Committee:** The Company being a Private Limited Company, the Audit Committee is not required to be constituted.
- b. **Vigil mechanism:** The Company is a Private Limited Company not accepting public deposits nor the Company has any borrowing more than Rs. 50 crores, therefore the establishment of Vigil Mechanism is not required.
- c. **Nomination & Remuneration Committee:** The Company being a Private Limited Company, the Nomination & Remuneration Committee is not required to be constituted.
- d. **Corporate Social Responsibility Committee (CSR Committee):** The Company is not required to constitute a CSR committee as the Net worth was less than Rs. 500 Crores/-, Turnover was less than Rs. 1000 Crores/- and / or Net Profits was less than Rs. 5 Crores/- in immediate preceding financial year.
- e. **Stakeholders Relationship Committee:** The Company was not required to constitute the Stakeholders Relationship Committee as the number of shareholders during the financial year were less than 1000.

30. OTHER DISCLOSURES

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. The provisions of Corporate Governance are not applicable to the Company.
3. Provisions of Vigil Mechanism under Section 177(9) and (10) of the Act are not applicable.
4. The provisions of Secretarial Audit Report under Section 204 of the Act are not applicable.
5. The Compliance of Secretarial Standards are being followed to an extent applicable.

31. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

32. A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUBSECTION (6) OF SECTION 149

The Company does not fall under the criteria of Section 149 of the Companies Act 2013, and there is no requirement of appointment and obtain declaration from Independent Director.

33. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company does not have any Subsidiaries, Joint Ventures or Associate Companies during the year.

34. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR.

During the year, there have been no applications made or any proceeding pending under the insolvency and bankruptcy code, 2016 (31 of 2016) during the year along with their status as of the end of the financial year.

35. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year, there has been no difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof.

36. ACKNOWLEDGEMENTS

We Director place on record their sincere appreciation for the assistance and guidance provided by the Government agencies, customers, vendors, and investors for their wholehearted support during the year and look forward to their continued support in the years ahead. We Directors' also express their gratitude

to our Companies' Employees and Clients for their support. The Directors' also acknowledge the outstanding performance, dedicated hard work and co-operation of the employees at all levels and look forward to your continuing trust in us.

For and on behalf of the board of directors

B.M. Jayeshankar

Director

Din: 00745118

**Address: New No. 6, (Old No. 245), 18th Cross,
Upper Palace Orchards, Sadashivanagar,
Bangalore-560080**



B M Karunesh

Director

Din: 00693174

**Address: Villa No46, Phase I Adarsh Palm
Meadows, Varthur road Whitefield
Bangalore-560066**

Place: Bangalore

Date: 25.05.2024

Independent Auditor's Report

To the Members of Earnest Constructions Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Earnest Constructions Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, 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 financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements")

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 (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 2024, its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Other Matter

The financial statement of the Company for the year ended 31 March 2023, were audited by another auditor who expressed an unmodified opinion on those statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' 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.

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 in the 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.



**Independent Auditor's report
To the Members of Earnest Constructions Private Limited
Report on the audit of the Standalone Financial Statements**

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

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, its financial performance, including other comprehensive income, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Standalone Financial Statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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.

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

- 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.
- Obtain an understanding of internal control 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 control with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.



**Independent Auditor's report
To the Members of Earnest Constructions Private Limited
Report on the audit of the Standalone Financial Statements**

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.

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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, the said Order is not applicable to the Company. Hence the same is not furnished.

2 A. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.



**Independent Auditor's report
To the Members of Earnest Constructions Private Limited
Report on the audit of the Standalone Financial Statements**

- e. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 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 operating effectiveness of such controls are given in separate Annexure-A

B. 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, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company does not have any pending litigations as at 31 March 2024.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024.
- d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 28 (iv)(A) to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 28 (iv)(B) to the Standalone Financial Statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

- e. No dividend has been paid or declared during the year by the Company.
- f. Based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of accounts for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the financial year for all relevant transactions recorded in the softwares. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.



A L P & Associates

Chartered Accountants

**Independent Auditor's report
To the Members of Earnest Constructions Private Limited
Report on the audit of the Standalone Financial Statements**

C. The provisions of section 197 read with schedule V of the act are applicable only to public Company. Accordingly, reporting under section 197(16) of the act is not applicable to the Company.

For A L P & Associates
Chartered Accountants
Firm Registration no- 328740E

Nidish Agarwal

Nidish Agarwal
Partner
Membership no- 300962



Place: Bengaluru
Date: 25 May 2024

UDIN: 24300962BKDBEF5713

ALP & Associates

Chartered Accountants

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Earnest Constructions Private Limited for the year ended 31 March 2024

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls with reference to Standalone Financial Statements of Earnest Constructions Private Limited ("the Company") as of 31 March 2024 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 with reference to Standalone Financial Statements 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 the 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 Company's internal financial controls over financial with reference to Standalone Financial Statements 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") issued by the ICAI and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Standalone Financial Statements included obtaining an understanding of internal financial control, 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 judgment, 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 internal financial controls system over financial reporting with reference to Standalone Financial Statements of the Company.



A L P & Associates

Chartered Accountants

Annexure B (continued)

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements 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 financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and such internal financial controls over financial reporting with reference to Standalone Financial Statements were operating effectively as at 31 March 2024 based on the internal control over financial reporting with reference to Standalone Financial Statements 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 ICAI.

For A L P & Associates
Chartered Accountants
Firm Registration no- 328740E



Nidish Agarwal
Partner
Membership no- 300962



Place: Bengaluru
Date: 25 May 2024

UDIN: 24300962BKDBEF5713

Earnest Constructions Private Limited
U45200KA2011PTC059905
2/4 Langford Garden Richmond Town Bangalore-560025
Balance Sheet

All amounts in INR lakhs unless otherwise stated

	Note	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
ASSETS				
Non-current assets				
Other non current assets	1	3.53	3.53	3.53
Total non current assets		3.53	3.53	3.53
Current assets				
(i) Cash and cash equivalents	2	4.29	5.07	106.31
(ii) Bank balance other than (i) above	3	25.61	24.46	19.58
(iii) Loans	4	15,247.03	-	-
(iv) Other Financial Assets	5	286.44	282.82	216.54
Other current assets	6	22,926.06	18,784.18	16,570.61
Total current assets		38,489.43	19,096.53	16,913.04
TOTAL		38,492.95	19,100.06	16,916.57
EQUITY AND LIABILITIES				
Equity				
Equity share capital	7	4.00	4.00	4.00
Other equity	8	(607.02)	(83.11)	(39.17)
Total equity		(603.02)	(79.11)	(35.17)
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	9	34,870.13	19,050.74	16,806.87
Total non current liabilities		34,870.13	19,050.74	16,806.87
Current liabilities				
Financial Liabilities				
(i) Other financial liabilities	10	4,163.52	125.37	126.20
Other current liabilities	11	62.32	3.07	18.66
Total current liabilities		4,225.84	128.44	144.87
Total equity and liabilities		38,492.95	19,100.06	16,916.57

Significant accounting policies

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For ALP & Associates
Chartered Accountants
Firm Registration No.328740E

Nidish Agarwal

Nidish Agarwal
Partner

Membership No:300962

Date: 25 May 2024
Place: Bengaluru



For and on behalf of the Board of Directors
Earnest Constructions Private Limited

B.M. Jayesh
B.M. Jayesh **B.M. Karunesh**
Director **Director**
DIN:00745118 DIN:00693174

Date: 25 May 2024 Date: 25 May 2024
Place: Bengaluru Place: Bengaluru

Sneha R Jain
Sneha R Jain

Company Secretary & Compliance Officer,
Membership No : A40368

Earnest Constructions Private Limited
U45200KA2011PTC059905
2/4 Langford Garden Richmond Town Bangalore-560025
Statement of Profit and Loss
All amounts in INR lakhs unless otherwise stated

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Income			
Revenue from operations	12	-	-
Other Income	13	1.67	1.29
Total income		1.67	1.29
Expenses			
Financial Costs	14	477.79	0.04
Other expenses	15	47.78	45.20
Total expenses		525.57	45.24
Loss before tax		(523.90)	(43.95)
Tax expense:			
- Current tax		-	-
- Deferred tax (including MAT credit entitlement)		-	-
Loss after tax		(523.90)	(43.95)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(523.90)	(43.95)
Loss per share (ordinary equity shares, par value Rs 10 each)	16		
- Basic (Rs. per share)		(1,309.75)	(109.87)
- Diluted (Rs. per share)		(1,309.75)	(109.87)

Significant accounting policies

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For ALP & Associates
Chartered Accountants
Firm Registration No.328740E

Nidish Agarwal
Nidish Agarwal

Partner
Membership No:300962

Date: 25.05.2024
Place: Bengaluru



For and on behalf of the Board of Directors
Earnest Constructions Private Limited

B.M. Jayeshankar
B.M. Jayeshankar
Director
DIN:00745118

B.M. Karunesh
B.M. Karunesh
Director
DIN:00693174

Date: 25.05.2024
Place: Bengaluru

Date: 25.05.2024
Place: Bengaluru

Sneha R Jain
Sneha R Jain
Company Secretary & Compliance Officer,
Membership No : A40368

Earnest Constructions Private Limited
U45200KA2011PTC059905
2/4 Langford Garden Richmond Town Bangalore-560025
Statement of Cash Flows
All amounts in INR lakhs unless otherwise stated

	As at 31 March 2024	As at 31 March 2023
Cash Flow From Operating Activities		
Loss before tax	(523.90)	(43.95)
Adjustments to reconcile loss before tax to net cash used in operating activities	-	-
Operating loss before working capital changes	(523.90)	(43.95)
Working capital adjustments		
Change in Trade Payables	-	(0.83)
Change in Short Term Provisions	-	(18.81)
Change in Other current liability	59.25	(122.15)
Change in Other Current Assets	(4,141.88)	(2,208.72)
Change in financial asset loan	(3.61)	(282.82)
Change in financial liability	4,038.15	125.37
Change in Short term Loans and Advances	(15,247.03)	231.28
Net cash flows from operating activities before taxes	(15,819.03)	(2,320.66)
Direct Taxes Paid	-	-
Net cash flows from operating activities	(15,819.03)	(2,320.66)
Cash flows from investing activities		
Investment in Long Term Loans, advances and Deposits	-	-
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Proceeds from Borrowings	15,819.40	2,243.87
Net cash flow from financing activities	15,819.40	2,243.87
Net (decrease)/increase in cash and cash equivalents	0.37	(76.79)
Cash and cash equivalents at the beginning of the year	29.53	106.31
Cash and cash equivalents at the end of the year	29.90	29.53
Components of cash and cash equivalents (refer note 2 & 3)		
Balances with bank		
- in current accounts	3.49	4.43
Cash on hand	0.80	0.63
Bank deposits		
Deposit	25.61	24.46
Cash and cash equivalents at the end of the year	29.90	29.53

Significant accounting policies

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For ALP & Associates
Chartered Accountants
Firm Registration No.328740E

Nidish Agarwal
Nidish Agarwal
Partner

Membership No:300962

Date: 25.05.2024
Place: Bengaluru



For and on behalf of the Board of Directors
Earnest Constructions Private Limited

B.M. Jayeshankar
No. 2/4,
Langford Garden
Richmond Town
Bengaluru-560025

B.M. Karunesh
B.M. Jayeshankar
Director
DIN:00745118

B.M. Karunesh
Director
DIN:00693174

Date: 25.05.2024
Place: Bengaluru

Date: 25.05.2024
Place: Bengaluru

Sneha R Jain
Sneha R Jain
Company Secretary & Compliance Officer,
Membership No : A40368

Earnest Constructions Private Limited

U45200KA2011PTC059905

2/4 Langford Garden Richmond Town Bangalore-560025

Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

Company background

Earnest Constructions Private Limited (the 'Company') is a private company domiciled in India, incorporated under the Companies Act, 2013 on 08 August 2011. The Company is engaged in the business of Property development & Land Acquisition.

Material accounting policies:

i) Basis of preparation

a) Statement of compliance to Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('The Act') and other relevant provisions of the Act.

The Company's financial statements upto 31 March 2022 and for year ended 31 March 2023 and 31 March 2024 were prepared in accordance with the Companies (Accounting Standard) Rules, 2006 notified under Section 133 of the Act and other provisions of the Act (' Indian GAAP' or 'Previous GAAP').

The Company has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note 26.

b) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is also the Company's functional currency and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian Rupees has been rounded off to nearest lakh, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values (refer accounting policies regarding financial instrument).

d) Use of judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Ind AS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

ii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

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

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



iii) Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company has an established control framework with respect to the measurement of fair values. The Company engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

While measuring the fair value of an asset or liability, the company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

i) Revenue Recognition

Revenue from operation : Revenue from real estate under development/ sale of developed property will be recognized upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue will be recognized on percentage of completion method, when the stage of completion of each project reaches a significant level which is estimated to be at least 25% of the total estimated construction cost of the Project. Revenue is recognized in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

Other income : Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii) Property, plant and equipment

Property, plant and equipment are stated at the cost (or revalued amounts, as the case may be) of acquisition or construction, less accumulated depreciation and impairment if any.

iii) Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method (SLM) over the useful lives of assets estimated by Management. Based on technical evaluation and consequent advice, the Management believes that its estimates of useful lives as given below best represent the period over which Management expects to use these assets. The identified components are depreciated separately over their useful life, the remaining components are depreciated separately over their useful life.



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iv) Employee benefits

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity (Amendment) Act, 2018. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

v) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or productivity of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

vi) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

vii) Financial Instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial assets or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI) - debt investment;
- Fair value through other comprehensive income (FVTOCI) - equity investment; or
- Fair value through profit & loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in investment's fair value in OCI (designated as FVOCI - equity investment). The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



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Financial Instruments (continued)

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risk that affects the performance of the business model (and the financial asset held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of the financial assets in prior periods, the reasons for such sales and expectations about future sales

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate futures;
- prepayments and extension features; and
- terms that limits the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL :

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost :

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities : Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.



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Financial Instruments (continued)

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risk that affects the performance of the business model (and the financial asset held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of the financial assets in prior periods, the reasons for such sales and expectations about future sales

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate futures;
- prepayments and extension features; and
- terms that limits the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL :

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost :

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities : Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.



Financial Instruments (continued)

iii. Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of the ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when the contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the extinguished liability and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability

viii) Impairment of assets

a. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 365 days or more;
- the restructuring of a loan or advance by the Company on terms that in the material assessment of the Company it would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or the other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



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Earnest Constructions Private Limited

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2/4 Langford Garden Richmond Town Bangalore-560025

Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

Impairment of assets (continued)

a. Impairment of financial instruments (continued)

Loss allowances for the financial assets measured at amortised cost are deducted from the gross carrying amount of assets. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-months expected credit losses are the portion of expected credit loss that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 365 days or past due without any security.

Measurement of expected credit losses: Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for the financial assets measured at amortised cost are deducted from the gross carrying amount of assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of the amounts due.

ii. Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An impairment loss is recognised in the statement of profit and loss if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable unit. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU on a pro-rata basis. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of profit and loss, unless it reverses previous revaluation credited to equity, in which case it is charged to equity.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

ix) Provisions and contingencies

Provisions are recognized when there is a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made



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x) **Taxation**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Provision for current taxation is based on taxable profit for the year computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a virtual/reasonable certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

xi) **Earnings per share**

Basic earnings/loss per equity share is arrived at based on profit/loss for the year divided by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for all the effects of all dilutive potential equity shares.

xii) **Statement of cash flows**

Cash flows are reported using indirect method, whereby profit/(loss) 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.

xiii) **Errors and estimates**

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered.

xiv) **Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses is identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated corporate expenses/income".



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Earnest Constructions Private Limited
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Statement of changes in equity
All amounts in INR lakhs unless otherwise stated

(A) Equity share capital

Particulars	Amount
Balance as at 31 March 2022	4.00
Changes in Equity Share Capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	4.00
Add: Addition during the period	-
Less: Buyback of shares	-
Balance as at 31 March 2023	4.00
Changes in Equity Share Capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	4.00
Add: Addition during the period	-
Less: Buyback of shares	-
Balance as at 31 March 2024	4.00

(B) Other equity

Particulars	Reserve and Surplus	Total
	Retained earnings	
Balance as at 31 March 2022	(39.17)	(39.17)
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the current reporting period	(39.17)	(39.17)
Loss for the year	(43.95)	(43.95)
Other comprehensive income for the year	-	-
Equity contribution from holding company	-	-
Balance as at 31 March 2023	(83.11)	(83.11)
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the current reporting period	(83.11)	(83.11)
Loss for the year	(523.90)	(523.90)
Other comprehensive income for the year	-	-
Equity contribution from holding company	-	-
Balance as at 31 March 2024	(607.02)	(607.02)

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For ALP & Associates
Chartered Accountants
Firm Registration No.328740E

for and on behalf of the Board of Directors
Earnest Constructions Private Limited

Nidish Agarwal

Nidish Agarwal
Partner
Membership No:300962



B.M. Jayeshankar
B.M. Jayeshankar
Director
DIN:00745118



B.M. Karunesh
B.M. Karunesh
Director
DIN:00693174

Date: 25.05.2024
Place: Bengaluru

Date: 25.05.2024
Place: Bengaluru

Date: 25.05.2024
Place: Bengaluru

Sneha R Jain
Sneha R Jain

Company Secretary & Compliance Officer
Membership No : A40368

1 Other Non Current Assets

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31st March, 2022
Others	3.53	3.53	3.53
Total	3.53	3.53	3.53

2 Cash and cash equivalents

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Balances with bank			
- in current accounts	3.49	4.43	105.56
Cash on hand	0.80	0.63	0.75
Total	4.29	5.07	106.31

3 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Bank deposits			
Deposit	25.61	24.46	19.58
Total	25.61	24.46	19.58

4 Loans

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Loans to related parties (refer note 19)	15,247.03	-	-
Total	15,247.03	-	-
Break-up of loans			
Loans considered good - Secured	15,247.03	-	-
Loans considered good - Unsecured	-	-	-
Total	15,247.03	-	-
Less: Loss allowance	-	-	-
Total Loans	15,247.03	-	-

5 Other current financial assets

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Land Advances	281.70	281.70	211.70
Interest receivables	1.48	1.12	4.84
Advances to suppliers	3.26	-	-
Total	286.44	282.82	216.54

6 Other current assets

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Land	22,913.57	18,771.73	16,557.72
Income Tax Refundable	10.91	10.91	-
TDS Receivable	1.57	1.53	12.89
Total	22,926.06	18,784.18	16,570.61



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7 Equity share capital

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March
Authorized			
1,00,000 (31 March 2023: 1,00,000, 31 March 2022 : 1,00,000) equity shares of INR 10 each	10.00	10.00	10.00
Issued, subscribed and paid-up			
40,000 (31 March 2023: 40,000, 31 March 2022: 40,000) equity shares of INR 10 each, fully paid up	4.00	4.00	4.00
Total	4.00	4.00	4.00

Notes:

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

Particulars	31 March 2024		31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares						
At the commencement of the year	40,000	4.00	40,000	4.00	40,000	4.00
Add: Issue during the year	-	-	-	-	-	-
Less: Buyback during the year	-	-	-	-	-	-
At the end of the year	40,000	4.00	40,000	4.00	40,000	4.00

b) The rights, preferences and restrictions attached to equity shares including restrictions on the distribution of dividends and the repayment of capital
The Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the equity share holders 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 the equity shareholders. The dividend proposed by the Board of Directors if any is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend.

c) Shareholders holding more than 5% of equity shares of the Company:

Particulars	31 March 2024		31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Adarsh Developers rep. by B.M.Jayeshankar	30,000	75%	30,000	75%	30,000	75%
B.M.Jayeshankar	9,999	25%	9,999	25%	9,999	25%
	39,999	100%	39,999	100%	39,999	100%

d) There are no bonus shares issued, no shares allotted as fully paid up pursuant to contract without payment being received in cash and no shares bought back during the period of since inception till the reporting date.

e) The Company has not reserved any shares for issue under options and contracts/ commitments for the sale of shares/disinvestments.

f) Shareholding of Promoters

As at 31 March 2024

Equity Shares

Name of the promoters	No.of Shares	% of total shares	% change during the year
Adarsh Developers rep. by B.M.Jayeshankar	30,000	75.00%	-
B.M.Jayeshankar	9,999	25.00%	-

As at 31 March 2023

Equity Shares

Name of the promoters	No.of Shares	% of total shares	% change during the
Adarsh Developers rep. by B.M.Jayeshankar	30,000	75.00%	-
B.M.Jayeshankar	9,999	25.00%	-

As at 31 March 2022

Equity Shares

Name of the promoters	No.of Shares	% of total shares	% change during the
Adarsh Developers rep. by B.M.Jayeshankar	30,000	75.00%	-
B.M.Jayeshankar	9,999	25.00%	-



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Earnest Constructions Private Limited

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Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

8 Other equity*

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Retained earnings	(607.02)	(83.11)	(39.17)
Total of other equity	(607.02)	(83.11)	(39.17)

* For detailed movement of reserves refer Statement of changes in equity.

Nature of components of other equity

Retained earnings: The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the total profit / loss for the year is transferred from the statement of profit and loss to retained earnings.

9 Non-current borrowings

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Secured			
India Special Situation Scheme 32,000 (31 March 2023 : Nil, 31 March 2022 : Nil) Non-Convertible Debentures having face value of Rs. 1,00,000 each (refer note below)	31,448.70	-	-
Xander Finance Pvt Ltd	-	-	1,324.37
Unsecured			
Loans from related parties:			
Adarsh Developers	896.11	19,050.74	15,482.50
Akarsh Residence Private Limited	534.00	-	-
Akarsha Realty Private Limited	691.20	-	-
Orchid Apartments Private Limited	1,300.13	-	-
Total	34,870.13	19,050.74	16,806.87

Security, repayment terms and interest terms**Nature:**

Secured, redeemable, non-convertible debentures of the face value of INR 1,00,000 (Indian Rupees One Lakh) each in one tranche for an aggregate nominal value of INR 320,00,00,000 (Indian Rupees Three Hundred and Twenty Crores).

Terms of repayment and interest rate:

Rate of Interest : The Company shall pay the Interest to the Debenture Holders at the Interest Rate on each Interest Payment Date. Provided that there will be a moratorium on payment of Interest which shall accrue until completion of the first 12 (twelve) month period ("Moratorium End Date") from the Deemed Date of Allotment ("Interest Moratorium Amount"). The Company shall pay the outstanding Interest Moratorium Amount on or before the end of the 21st (twenty first) month from the Deemed Date of Allotment.
Duration : 48 months from the deemed date of allotment

Security:

I. All that piece and parcel of land admeasuring to:

- 29 Acres 95 Guntas situated at Gunjur Village, Varthur Hobli, Bangalore East Taluk.
 - 1 Acre 32 Guntas situated at Doddakannelli Village, Varthur Hobli, Bangalore East Taluk
 - 18 Acres 0.25 Guntas situated at Gunjur Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 1 Acre 75 Guntas situated at Chikkanayakanahalli Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 13 Acres 175 Guntas situated at Chikkanayakanahalli Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 2.038 Acres situated at Hadosiddapura Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 3 Acres 0.525 Guntas situated at Chikkanayakanahalli Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 2 Acres 0.175 Guntas at Chikkenalli, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District.
 - 23 Acres 0.1 Guntas situated at Chikkanayakanahalli Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 3.10 acres situated at Hadosiddapura Village, Varthur Hobli, Bangalore East Taluk, Bangalore Urban District
 - 7 Acres 17 Guntas situated at Chikkaneli Village, Varthur Hobli, Bangalore East Taluk, Bangalore District
- l. Hypothecation of receivables from the projects : Adarsh Tropica located at Chikkanayakanahalli, Bangalore & Adarsh Chikkenahalli located at CHikkenalli, Bangalore



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Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

Reconciliation in liabilities arising from financing activities, including both changes arising from cash flows and non- cash changes as per Ind As 7- Statement of cash flows are shown below:

Particulars	For the year ended	
	31 March 2024	31 March 2023
Opening balance of borrowings	19,050.74	16,806.87
Issue of NCDs	32,000.00	-
Inter company borrowing availed	3,802.98	3,568.24
Inter company borrowing repaid	(19,432.28)	-
Unsecured borrowing repayment	-	(1,324.37)
IND AS effect	(551.30)	-
Closing balance of borrowings	34,870.14	19,050.74

10 Other current financial liabilities

Particulars	As at		As at
	31 March 2024	31 March 2023	31 March 2022
Advance received from vendor	-	125.22	125.22
Payable for expenses	1.58	0.15	0.98
Interest Accrued but not due	4,161.94	-	-
Total	4,163.52	125.37	126.20

11 Other current liabilities

Particulars	As at		As at
	31 March 2024	31 March 2023	31 March 2022
Statutory dues Payable	62.32	3.07	18.66
Total	62.32	3.07	18.66



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12 Revenue from Operations

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Income from sale/services		
Sale of land	-	-
Total	-	-

13 Other Income

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income on bank deposits	1.67	1.29
Total	1.67	1.29

14 Finance costs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on loan*	477.79	0.04
Total	477.79	0.04

* includes interest income netted off amounting to Rs 2,563.53 lakhs

15 Other expenses

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Advertisement	2.19	-
Audit Fee (refer note 18)	1.78	0.18
Bank Charges	0.03	-
Brokerage & Commission	10.00	-
Computer Software & Hardware	0.11	-
Documents & Other Expenses	0.07	-
Khatha Charges	0.51	-
Listing Fee	0.70	-
Office Maintenance	0.04	-
Other Expenses	-	0.51
Professional Charges	17.45	1.18
Property Tax	0.24	-
Rates & Taxes	3.36	0.12
Registration Charges	3.74	-
TDS Late Payment Interest	7.55	43.22
Total	47.78	45.20



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All amounts in INR lakhs unless otherwise stated

16 Earnings/ (loss) per share (EPS)

Basic EPS amounts are calculated by dividing the profit/ (loss) for the year attributable to shareholders by the weighted average number of shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into share capital.

The following table sets forth the computation of basic and diluted earnings per share in relation to ordinary equity shares:

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
Profit (Loss) after tax	(523.90)	(43.95)
Nominal value of equity shares (INR per share)	10	10
Weighted average number of equity shares used in calculating basic earnings per share	40,000	40,000
Loss per share [Basic] (INR)	(1,309.75)	(109.87)
Profit (Loss) after tax	(523.90)	(43.95)
Weighted average number of equity shares used in calculating diluted earnings per share	40,000	40,000
Loss per share [Diluted] (INR)	(1,309.75)	(109.87)

Note: For year ending 31 March 2024, the potential equity shares on conversion of equity shares are anti-dilutive in nature and hence not considered for the purpose of diluted EPS.

17 Contingent liabilities and commitments

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Particulars	For the year ended	For the year ended	For the year ended
	31 March 2024	31 March 2023	31 March 2022
Contingent Liabilities:			
A. Outstanding guarantees and Counter Guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others:			
i. Guarantees given by the company on behalf of subsidiaries			
ii. Aggregate value of other Guarantees outstanding as follows:			
1. Shreshta infra projects private limited	-	23,411.00	61,884.00
2. Varin infra projects private limited	16,519.00	27,547.00	29,602.00
3. Shreshta Apartments Private Limited	17,259.00	12,340.00	-
4. Adarsh Ecstasy Projects Private Limited	35,845.00	2,006.00	-
5. Alekhya Property Developments Private Limited	-	20,907.00	33,448.00
6. Shivakar Infra Private Limited	12,481.00	19,470.00	21,020.00
7. Shivakar Developers Private Limited	10,937.00	5,259.00	-
8. Akarsha Realty Private Limited	64,887.00	25,784.00	-
9. B.M. Jayeshankar	-	-	4,500.00

18 Payment to auditors (excluding goods and service tax)

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
As Auditor		
- Statutory audit	1.78	0.15
Out of pocket expenses	-	-
Total	1.78	0.15




19 Related party disclosures

Details of transactions with related parties during the year as required by Ind AS 24 on 'Related Party Disclosures' have been disclosed on the basis of parties identified by the management to be within the definition of related parties as per the Standard and noted by the Board.

(i) Related parties where control exists irrespective of whether transactions have occurred or not

Name of related party	Nature of relationship
Adarsh Developers (A Partnership Firm)	Associate Company
Akarsh Residence Private Limited	Associate Company
Akarsha Realty Private Limited	Associate Company
Orchid Apartments Private Limited	Associate Company
Vismaya Developers Private Limited	Associate Company

(ii) Related parties with whom transactions have taken place during the year:

Name of related party	Nature of relationship
Adarsh Developers (A Partnership Firm)	Associate Company
Akarsh Residence Private Limited	Associate Company
Akarsha Realty Private Limited	Associate Company
Orchid Apartments Private Limited	Associate Company
Vismaya Developers Private Limited	Associate Company

(iii) Related party transactions

Name of related party	Nature of Transaction	For the year ended 31 March 2024	For the year ended 31 March 2023
Adarsh Developers	Loan repaid back	19,432.28	100.00
Adarsh Developers	Loan received	1,277.65	3,668.24
Akarsh Residence Private Ltd	Loan received	534.00	-
Orchid Apartments Private Limited	Loan received	1,300.13	-
Akarsha Realty Private Limited	Loan received	691.20	-
Vismaya Developers Private Limited	Loan received	216.51	-
Vismaya Developers Private Limited	Advance given	15,463.54	-

(iv) Balances receivable from/ payable to related parties are as follows:

Name of related party	Nature of Transaction	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Adarsh Developers	Loans & Advances from Related Parties : Unsecured	896.11	19,050.73	15,482.50
Akarsh Residence Private Limited	Loans & Advances from Related Parties : Unsecured	534.00	-	-
Akarsha Realty Private Limited	Loans & Advances from Related Parties : Unsecured	691.20	-	-
Orchid Apartments Private Limited	Loans & Advances from Related Parties : Unsecured	1,300.13	-	-
Vismaya Developers Private Limited	Loans & Advances to Related Parties : Unsecured	15,247.03	-	-

20 Dues to micro, small and medium enterprises

Disclosure of dues / payments to Micro and small enterprises to the extent such enterprises are identified by the company under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are as follows:

Particulars	31-March-2024	31-March-2023	31-March-2022
The amount remaining unpaid to Micro Enterprises and Small Enterprises as at the end of the accounting year:			
-Principal	-	-	-
-Interest due thereon	-	-	-
The amount of principal and interest paid to Micro Enterprises and Small Enterprises beyond appointed date during the year:			
-Principal	-	-	-
-Interest due thereon	-	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-	-
Interest accrued and remaining unpaid as at balance sheet date	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-	-

21 Segment Reporting

a) Primary (Business) Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Company operates only in one Business Segment, hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

'As the Company's business consists of one reportable business segment and hence, no separate disclosure pertaining to attributable Revenues, Profits, Assets, Liabilities and Capital employed are given.

The Company operates only in India. Hence no disclosure is considered necessary on the basis of geographies.

b) Geographical Information:

The Company is engaged in the business of providing main business of hospitality services & also engaging real estate business which is located in India only, No other geographical business segment and hence business segments have not been reported under this head.



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Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

21 Segment Reporting

a) Primary (Business) Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Company operates only in one Business Segment, hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

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The Company is engaged in the business of providing main business of hospitality services & also engaging real estate business which is located in India only, No other geographical business segment and hence business segments have not been reported under this head.



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22 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and other financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

Credit risk on cash and cash equivalents and other bank balances is limited. The other financial liability represents security deposits given for rental premises to operate the business. The credit risk associated with such deposits is relatively low.

(a) Trade, investments and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company monitors and limits its exposure to credit risk on a continuous basis. To manage this the Company periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of trade receivables. The Company has nil outstanding receivable as at 31 March 2024 (31 March 2023: Nil, 31 March 2022: Nil). Therefore, the Company has not provided for any expected credit loss on its trade receivables as at 31 March 2024 (31 March 2023: Nil, 31 March 2022: Nil)

(b) Investments and cash and cash equivalents

The Company held cash and cash equivalents of INR 29.90 lakhs as at 31 March 2024 (31 March 2023: 29.53 lakhs and 31 March 2022: 125.89 lakhs). The cash and cash equivalents are held with bank with good credit ratings. Company has nil investment as at 31 March 2024, 31 March 2023 and 31 March 2022.

(c) Loans

Risk assessment		As at	Estimated gross carrying amount at	Expected Probability of default	Expected credit loss	Carrying amount, net of provision
Loans	Risk same since initial recognition	31-Mar-24	15,247.03	-	-	15,247.03
		31-Mar-23	-	-	-	-
		31-Mar-22	-	-	-	-

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

Maturity analysis of significant financial liabilities

As at 31 March 2024

Particulars	Carrying amount	Within 1 year	1-5 years	More than 5 years
(i) Borrowings	34,870.13	-	14,735.43	11,868.68
(ii) Other financial liabilities	4,163.52	4,163.52	-	-

As at 31 March 2023

Particulars	Carrying amount	Within 1 year	1-5 years	More than 5 years
(i) Borrowings	19,050.74	-	19,050.74	-
(ii) Other financial liabilities	125.37	125.37	-	-

As at 31 March 2022

Particulars	Carrying amount	Within 1 year	1-5 years	More than 5 years
(i) Borrowings	16,806.87	-	16,806.87	-
(ii) Other financial liabilities	126.20	126.20	-	-



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Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have significant foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company does not have fluctuating interest bearing assets and/or borrowings, therefore, it is not exposed to fluctuations in market risks.

23 Capital management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. Management monitors the return on capital as well as the debt equity ratio and make necessary adjustments in the capital structure for the development of the business. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day - to - day needs.

The Company's adjusted net debt to equity ratio is as follows:

Particulars	As at		As at
	As at 31 March 2024	31 March 2023	31 March 2022
Total liabilities	39,095.97	19,179.18	16,951.73
Less: Cash and cash equivalents	29.90	29.53	125.89
Adjusted debt	39,066.07	19,149.64	16,825.85
Total equity	(603.02)	(79.11)	(35.17)
Adjusted net debt to adjusted equity ratio	(64.78)	(242.05)	(478.47)



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24 Financial Instruments

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2024, 31 March 2023 & 31 March 2022 is as follows:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Financial Assets*			
Amortized Cost			
(i) Cash and cash equivalents	29.90	29.53	125.89
(ii) Loans	15,247.03	-	-
(iii) Other financial assets	286.44	282.82	216.54
Total financial assets	15,563.37	312.36	342.43
Financial Liabilities*			
Amortized Cost			
(i) Borrowings	34,870.13	19,050.74	16,806.87
(ii) Other financial liabilities	4,163.52	125.37	126.20
Total financial liabilities	39,033.65	19,176.11	16,933.07

* Fair value of financial assets and financial liabilities (that are measured at amortised cost) closely approximate their carrying value.

(ii) Fair value hierarchy

This section explains the judgment and estimates made in determining the fair values of the financial instruments that are: (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities is as follows:

As at 31 March 2024	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at amortized cost				
(i) Cash and cash equivalents	29.90	-	-	-
(ii) Loans	15,247.03	-	-	-
(iii) Other financial assets	286.44	-	-	-
Total financial assets	15,563.37	-	-	-
Financial liabilities measured at amortized cost				
(i) Borrowings	34,870.13	-	-	-
(ii) Other financial liabilities	4,163.52	-	-	-
Total financial liabilities	39,033.65	-	-	-
As at 31 March 2023	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at amortized cost				
(i) Cash and cash equivalents	29.53	-	-	-
(ii) Loans	-	-	-	-
(iii) Other financial assets	282.82	-	-	-
Total financial assets	312.36	-	-	-
Financial liabilities measured at amortized cost				
(i) Borrowings	19,050.74	-	-	-
(ii) Other financial liabilities	125.37	-	-	-
Total financial liabilities	19,176.11	-	-	-




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As at 31 March 2022	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at amortized cost				
(i) Cash and cash equivalents	125.89	-	-	-
(ii) Loans	-	-	-	-
(iii) Other financial assets	216.54	-	-	-
Total financial assets	342.43	-	-	-
Financial liabilities measured at amortized cost				
(i) Borrowings	16,806.87	-	-	-
(ii) Other financial liabilities	126.20	-	-	-
Total financial liabilities	16,933.07	-	-	-

(iii) Fair valuation method

Level 1 - The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels 1, 2 and 3 during the current year and previous years.

There are no financial instruments which are carried at fair value through other comprehensive income (FVTOCI).



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25 Income Tax

a) Income tax expense in the statement of profit and loss consists of:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
(i) Amounts recognised in profit and loss		
Current income taxes		
In respect of the current period	-	-
In respect of the earlier period	-	-
Deferred taxes		
In respect of the current period	-	-
(ii) Amounts recognised in other comprehensive income		
Current income taxes		
In respect of the current period	-	-
Deferred taxes		
In respect of the current period	-	-
Total	-	-

b) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Loss before tax	(523.90)	(43.95)
Enacted income tax rate in India	26.00%	26.00%
Computed expected tax expense	-	-
Tax effect of:		
Mat credit entitlement	-	-
Tax losses for which no deferred tax asset was created	-	-
Income tax expense recognized in the statement of profit and lo	-	-

c) Unrecognised deferred tax asset / (liability)

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	Gross amount	DTA/DTL	Gross amount	DTA/DTL	Gross amount	DTA/DTL
Borrowings	551.30	143.34				
		143.34				
Deferred tax asset						
Carry forward losses	1,115.10	289.93	39.89	10.37	39.17	10.18
	1,115.10	289.93	39.89	10.37		10.18
Unrecognised DTA		146.59		10.37		10.18

d) Tax losses expiry tenure

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	Gross amount	Expiry period	Gross amount	Expiry period	Gross amount	Expiry period
Carried forward business loss	1,115.10	2028-2032	39.89	2028-2031	39.17	2027-2030
Total	1,115.10		39.89		39.17	



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26 First time adoption of Ind AS

As stated in accounting policy, these are the Company's first financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 31 March 2022 ("transition date"). For the year ended 31 March 2023, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP" or the "Indian GAAP").

The accounting policies set out have been applied in preparing these financial statements for the year ended 31 March 2024 including the comparative information for the year ended 31 March 2023 and the opening Ind AS balance sheet on the date of transition i.e. 31 March 2022.

In preparing its Ind AS balance sheet as at 31 March 2022 and in presenting the comparative information for the year ended 31 March 2023, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exception

In preparing these opening Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Mandatory exceptions availed

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and
- Impairment of financial assets based on the expected credit loss model.

(ii) Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirement in Ind AS 109, Financial Instrument, prospectively for transition occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirement retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Accordingly, the Company has opted to apply derecognition requirement prospectively for transaction occurring on or after the date of transition.

(iii) Classification and measurement of financial assets:

Ind AS 101 requires an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

(iv) Reconciliation:

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101:

1. Balance sheet as at 31 March 2022 and 31 March 2023.
2. Net profit/(loss) for the year ended 31 March 2023.
3. Total equity as at 31 March 2022 and 31 March 2023.

Reconciliation of balance sheet as reported under previous GAAP to Ind AS

Particulars	Note	As at 31 March 2023			As at 31 March 2022		
		Amount as per previous	Effect of transition to	Ind AS	Amount as per previous	Effect of transition to	Ind AS
ASSETS							
Non-current assets							
Other non current assets		3.53	-	3.53	3.53	-	3.53
Total non-current assets		3.53	-	3.53	3.53	-	3.53
Current assets							
Financial assets							
(i) Cash and cash equivalents		5.07	-	5.07	106.31	-	106.31
(ii) Bank balance other than (i) above		24.46	-	24.46	19.58	-	19.58
(iii) Loans		-	-	-	-	-	-
(iv) Other Financial Assets		282.82	-	282.82	216.54	-	216.54
Other current assets		18,784.18	-	18,784.18	16,570.61	-	16,570.61
Total current assets		19,096.53	-	19,096.53	16,913.04	-	16,913.04
Total assets		19,100.06	-	19,100.06	16,916.57	-	16,916.57



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EQUITY AND LIABILITIES

Equity					
Equity share capital	4.00	-	4.00	4.00	-
Other equity	(83.11)	-	(83.11)	(39.17)	-
	(79.11)	-	(79.11)	(35.17)	-

LIABILITIES

Non-current liabilities

Financial Liabilities					
(i) Borrowings	19,050.74	-	19,050.74	16,806.87	-
Total non-current liabilities	19,050.74	-	19,050.74	16,806.87	-

Current liabilities

Financial liabilities					
(iii) Other financial liabilities	125.37	-	125.37	126.20	-
Other current liabilities	3.07	-	3.07	18.66	-
Total current liabilities	128.44	-	128.44	144.87	-
Total equity and liabilities	19,100.06	-	19,100.06	16,916.57	-

Reconciliation of Statement of Profit and Loss as reported under previous GAAP to Ind AS

Particulars	Notes	Year ended 31 March 2023		
		Amount as per previous	Effect of transition to	Ind AS
Income				
Revenue from operations		-	-	-
Other income		1.29	-	1.29
Total income		1.29	-	1.29
Expenses				
Finance costs		0.04	-	0.04
Other expenses		45.20	-	45.20
Total expenses		45.24	-	45.24
Loss before tax		(43.95)	-	(43.95)
Provision for taxation				
- Current tax		-	-	0.47
- Deferred tax (including MAT credit entitlement)		-	-	(0.47)
Loss after tax		(43.95)	-	(43.95)
Other comprehensive income/(expense)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement gains/(losses) of defined benefit plans		-	-	-
Income tax relating to items that will be not reclassified to profit or loss		-	-	-
Total other comprehensive income/(expense), net of taxes		-	-	-
Total comprehensive income/(loss) for the year		(43.95)	-	(43.95)

Reconciliation of Total equity as at 31 March 2023 and 31 March 2022

Particulars	Notes	As at	As at
		31 March	31 March
Total equity as per previous GAAP		(79.11)	(35.17)
<i>Add:(Less)</i>			
Equity component in Financial Instruments		-	-
Interest on financial assets carried at amortised cost		-	-
Total impact		-	-
Total equity as per Ind AS		(79.11)	(35.17)



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Earnest Constructions Private Limited

U45200KA2011PTC059905

Notes to the financial statements

All amounts in INR lakhs unless otherwise stated

27 Expenditure on Corporate Social Responsibility activities

Since the Company does not meet the criteria specified in section 135 of the Companies Act, 2013, the Company is not required to spend any amount on activities related to corporate social responsibility for the years ended 31 March 2024 and 31 March 2023.

28 Additional Regulatory Information**(i) Benami Property Transactions**

There are no proceedings that have been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended from time to time) (earlier Benami Transactions (Prohibition) Act, 1988) and the rules made thereunder.

(ii) Transaction with struck-off Company

The Company does not have any transactions or balances with struck off Companies.

(iii) Specified layers declaration

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, and there are no companies beyond the specified layers.

(iv) Utilisation of Borrowed funds and share premium

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries"); or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(B) Date and amount of fund further advanced or loaned or invested other intermediaries or Ultimate Beneficiaries alongwith complete details

Name of the entity to whom funds advanced *	Amount advanced (Rs)	Date of advancement	Identification number of the entity to whom advanced
Vismaya Developers Private Limited	17,523.45	27-Jun-23	CIN-U45300KA2011PTC059836
Orchids Apartment Private Limited	14,476.55	27-Jun-23	CIN-U45201KA1981PTC004086

* Registered address of both the entities is 2/4 Langford Garden Richmond Town Bangalore - 560025

(v) Undisclosed Income

The Company does not have any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961). Further, there was no previously unrecorded income and no additional assets were required to be recorded in the books of account

(vi) Details of Crypto Currency or Virtual Currency

The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2024. Further, the Company has also not received any deposits or advances from any person for the purpose of trading or investing in Crypto

(vii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender

(viii) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets.

(ix) The Company has not entered into any scheme of arrangement which has an accounting impact on current or pervious year.

(x) The Company has not revalued it's Property, plant and equipment during the current or previous year.

(xi) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.



29 Ratio analysis and its elements

Ratio	Numerator	Denominator	As at		% variance	Reasons for variance
			31 March 2024	31 March 2023		
Current ratio	Current assets	Current liabilities	9.11	148.68	-94%	Note-1
Debt-equity ratio	Total debt	Shareholder's equity	(57.83)	(240.80)	-76%	Note-2
Return on equity ratio	Net profits after taxes-preference dividend	Average shareholders equity	1.54	0.77	100%	Note-3

The Company has not disclosed debt service coverage, inventory turnover, trade receivable, trade payable, net capital, net profit, return on capital employed

Note-1 Increase in loans and advance and other current asset as at 31 March 2024 as compared to 31 March 2023 lead to variance in current ratio.

Note-2 Increase in borrowing and increase in losses as at 31 March 2024 as compared to 31 March 2023 lead to variance in debt -equity ratio.

Note-3 Increase in losses and decrease in shareholder's fund during the year ended 31 March 2024 as compared to 31 March 2023 lead to variance in return on equity ratio.

As per our report of even date attached

For ALP & Associates
Chartered Accountants
Firm Registration No.328740E

Nidish Agarwal

Nidish Agarwal
Partner
Membership No:300962

Date: 25.05.2024
Place: Bengaluru



for and on behalf of the Board of Directors of
Earnest Constructions Private Limited



B.M. Jayesh
B.M. Jayesh
Director
DIN:00745118 DIN:00693174

Date: 25.05.2024 Date: 25.05.2024
Place: Bengaluru Place: Bengaluru

Sneha R Jain
Sneha R Jain
Company Secretary & Compliance Officer,
Membership No : A40368