



PASSION AT WORK

The background of the entire page is a grayscale image of a city skyline, likely Dubai, with several prominent skyscrapers. The image is heavily obscured by a thick layer of white fog or smoke, creating a hazy, atmospheric effect. The word 'FUTUREREADY' is superimposed over this background in the center.

# FUTUREREADY

ANNUAL REPORT 2017

# OUR COMPANY AT A GLANCE

## SOBHA

After 22 years in the business, SOBHA is now a Rs. 26 billion real estate company headquartered in Bangalore. It employs around 2,700 people directly and has a presence in 26 cities across 13 states in the country.

One of the well-respected names in the real estate sector, SOBHA has many distinctions to its credit: it is the only company in the sector whose initial public offering in 2006 was oversubscribed 126 times, and today SOBHA is recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems.

Since inception, the Company has completed 406 projects in both real estate and contracts verticals with a total developed area of 86.73 million square feet.

Further, SOBHA's unique backward integrated model ensures that it has control not only over the supply but more importantly over the quality of the materials it uses in construction activities.

At the same time, SOBHA also places a lot of emphasis on in-house training which is done at its training centre, SOBHA Academy. At SOBHA, training is an on-going process for all employees, ensuring they are abreast of the latest developments in their fields of work.

In another distinction, SOBHA's CSR activities are undertaken through a public charitable trust, the Sri Kurumba Educational and Charitable Trust. The CSR activities focus on three major areas in select panchayats of Palakkad district in Kerala: education and vocational training, providing healthcare facilities and helping the aged, single mothers, children and others in need with financial and other assistance for a life of dignity.



### SOBHA Real Estate

SOBHA is known for its superior quality products. Its residential projects include luxury and super luxury apartments, villas, row houses, plotted development and aspirational homes. All these projects provide world-class amenities and standards. Equally important is their focus on environment, with emphasis on rainwater harvesting and high safety standards.

As of 31<sup>st</sup> March, 2017, SOBHA has completed and handed over 118 real estate projects with a total developed area of 42.44 million square feet and super built-up area of 32.88 million square feet in 7 cities.

SOBHA is considered a pioneer in the real estate and construction sector in the country and not without reason. All its products come with the best engineering standards, architectural finesse, aesthetics and innovative designs. SOBHA also has its own designers, architects, structural, mechanical, electrical, plumbing and environmental professionals who bring in ingenuity to its in-house processes. This combined with transparency in its functioning followed by backward integrated processes ensures that the Company has full control over the materials used.

Following its commitment to transforming the way real estate business is done in the country, SOBHA believes in constantly striving towards enhancing customer value by delivering high-quality products at competitive prices.



## SOBHA LIMITED

### SOBHA Contractual

SOBHA Contractual was started in 1999 to mark its foray in the Contractual segment of providing end-to-end solutions. This vertical provides end-to-end solutions starting from the conceptualisation of a project to its final satisfactory completion. SOBHA's Contractual division has developed numerous facilities for corporate entities including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings. Its emphasis on world-class quality and passion for perfection has attracted contractual orders from various prestigious institutions across India.

The services that SOBHA Contractual provides include civil, mechanical, electrical, plumbing, interiors, glazing, metal works and landscaping. All these works are carried out by members who are trained at SOBHA's in-house training facility. The emphasis in every aspect of the work is on providing world-class facilities and standards with designs that are innovative and are delivered to the utmost satisfaction of its customers.

As of 31<sup>st</sup> March, 2017, SOBHA Contractual has completed 288 projects covering a total area of 44.29 million square meters in 24 cities.

### SOBHA Manufacturing

SOBHA Manufacturing contributes to the overall goal of the Company by being the best in the business. It serves as the Company's backbone and enables it to bring in impeccable quality and workmanship in all its products.

SOBHA Manufacturing is responsible for providing the best raw materials needed for construction activities. It has an Interiors division with one of the largest woodworking factories in the country; it also has a glazing and metal works factory and a Concrete Products division. SOBHA's manufacturing facilities are spread over a 600,000 square feet area and are comparable with the best in the world.

The division has managed to make a mark as all its employees are trained in the latest technology and the best-in-class equipment for seamless use of these while manufacturing the products used for SOBHA's construction activities. This is also SOBHA's way of ensuring control over the quality of the materials that it uses, thereby providing the best products to its customers.

In an attempt to diversify further and extend the reach of its finest quality products to quality conscious customers, SOBHA has also ventured into the retail space with the launch of ergonomic spring mattresses under the brand name SOBHA Restoplus.

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SOBHA has proven that when international quality product and passion are combined with transparency, integrity and a reliable way of functioning there is no reason why a company cannot be a leader, a pioneer and a trendsetter. Our five values - international quality, passion, reliability, transparency and integrity - are our guiding principles, which have stood the test of the times. These values give us the strength and the confidence to keep moving ahead and continue to strengthen our process further which will make us truly future-ready. At the same time, SOBHA's diverse footprint across geographies and verticals, backed by these values on which the company has been built, will enable us to take advantage of the new RERA regime and the GST. This will help us bring in more people in our fold by giving them an opportunity to convert their dreams of owning a house into reality.



# Being Future Ready

For SOBHA being future ready is a journey that started 22 years ago when Mr. PNC Menon set up the company in Bangalore in 1995. Built on five pillars -- International Quality, Passion, Reliability, Transparency and Integrity -- SOBHA does all its work based on these five core values. Today, these five values are the bedrock on which SOBHA rests. Adhering to these have become a way of life for us. Following these five values has helped SOBHA move from strength to strength and expand both in terms of its geographical reach and also in terms of the products that it offers.

SOBHA City, Thrissur



Little wonder then that SOBHA dealt with the far-reaching reforms introduced by the Indian Government in the real estate sector, in 2016 with ease. Big-ticket steps like demonetization of higher value currency notes, Real Estate (Regulation and Development) Act, 2016, relaxation in foreign direct investments in the sector, PMAY (Pradhan Mantri Awas Yojna), and GST (Goods and Services Tax) came in quick succession and gave pause to many.

But for us, at SOBHA, it was business as usual. In fact, we welcome these transformational reforms because we realise that the real estate sector is in for positive changes, and we are looking forward to working in this changed, positive environment.

Unlike others, we are not worried about the implications of these changes. We, at SOBHA, have been adhering to all of what the Government is now forcing the real estate sector to do to make it transparent and professional. Thanks to our strong principles, we are future ready.

## What makes SOBHA future ready?

### INTERNATIONAL QUALITY

At SOBHA, providing international quality is an on-going process, as it has to do with setting international standards in thoughts, processes and actions, and more importantly, achieving these standards. It is a relentless and painstaking process meant to better the existing

benchmarks by being ahead of the pack in terms of knowledge, abilities and competencies.

### Backward integration

In an industry which is characterized by fragmented segments and players -- design, manufacturing, construction and sales -- what has stood in SOBHA's stead is its unique backward integrated process focused on quality. This model enables us to have end-to-end capabilities. By having total control over the value chains -- the supply and quality of the products that we use -- SOBHA has managed to deliver quality products to its customers, understand the various market segments, and also move to different geographies.

SOBHA was the first and the only real estate company even today in the country that follows the backward integrated model, enabling us to offer different choices to customers and differentiate ourselves from competitors, thus reaping profits even when the external environment was volatile and unstable. Backward integration also helps us reduce indirect costs over the long run as repair/maintenance/rework costs are extremely low

SOBHA was the first and the only real estate company even today in the country that follows the backward integrated model



due to the good quality of the products that we use. It also reduces indirect costs as the projects get completed on time.

## Doing things in-house

As a pioneer in the field of real estate in the country, SOBHA has invested substantially in developing internal expertise and competencies, encompassing all the critical activities involved in construction.

## The mechanical, electrical and plumbing (MEP) works too are executed by in-house teams

At SOBHA, we do everything from precision engineering to aesthetic designing, from quality metal glazing to high-class interiors in-house, giving our customers a fine combination of quality construction with timely delivery at competitive prices.

SOBHA follows a path which is very different from what most others developers do. Unlike others, SOBHA does not outsource its construction activity. Instead, the Company has built competent and professional teams of highly skilled and trained engineers, technicians, and a workforce that take the project from the drawing board to the actual site.

The Company has dedicated Environmental & Engineering departments which focus on value engineering and environment friendly aspects of its projects. Further, the mechanical, electrical and plumbing (MEP) works too are executed by in-house teams. The MEP division has experts in mechanical, engineering, plumbing, electrical, HVAC and related ancillary building services. SOBHA provides turnkey solutions for MEP requirements and also special plumbing and electrical consulting services.

## Concrete Products Division, Glazing & Metal Works Division and the Interiors Division

The Concrete Products Division manufactures large volumes of concrete blocks, pavers, kerbs, water drainage channels, paving slabs and related landscape products. All of them meet the highest international standards. These are manufactured at the Company's hi-tech full-fledged manufacturing facility spread over 8 acres.

The Glazing & Metal Works Division manufactures aluminium doors, windows, structural glazing, aluminium composite panels and stainless steel cladding, architectural metal works etc. The division has a dedicated 25,000 square feet state-of-the-art manufacturing unit which has over the years successfully executed a range of projects for a number of reputed organisations.





SOBHA Clovelly, Bangalore

The Interiors Division is engaged in wood work and manufacturing wood based products. These are not only of the highest quality but also come with the best finish and impeccable durability. The products include doors and windows, wooden floorings, ceilings, panels, pillars and staircases. Another feather in the division's cap is manufacturing custom-built furniture for both commercial and residential use.

In addition, this division also has an in-house wood working design studio and a dedicated design team that provides interior design schemes and production specific drawings. Additionally, SOBHA has the hugely successful Spring Mattress Division with its only retail brand 'Restoplus.' Launched in 2007, Restoplus today has 423 franchises across the country. The mattresses are manufactured using imported machinery and quality materials which make them durable and also comfortable.

## Matters of design

The way real estate projects are designed is crucial for their success. That is why design plays a significant role in all the projects that SOBHA undertakes. All our projects are designed by an in-house team of expert designers and architects. The designs are functional, efficient and aesthetically appealing. More importantly, the buildings are durable and environmentally friendly. A team of landscape professionals work on all our projects to give them a visually appealing and sustainable look.

## Meeting international benchmarks

The control over quality and providing environment friendly buildings that are both durable and sustainable is combined with SOBHA conforming to the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems.

## PASSION

For us, at SOBHA, our brand is sacrosanct. Our philosophy of 'Passion at Work' guides us to do our best every time so as to sustain the respect that we enjoy for our brand.

At SOBHA, we also believe in working passionately and improving on whatever we do. With a motto of 'to better the best', we try and excel at every aspect of our business – our products, research and development, timely delivery, customer satisfaction and transparency. We diligently follow attributes such as transparency, quality, aesthetics and timely delivery for all our projects. We believe these are the key factors that differentiate us in the market and help us in maintaining our brand leadership.

Today, SOBHA is known as a process driven organisation that is professionally run. All our practices and processes have helped strengthen our bond with our stakeholders, including our employees, and also helped us build immense trust as a brand.

## Our workforce

Currently, SOBHA has about 2,800 professionals on its rolls. They are drawn from different parts of the country. The Company is run as a corporate entity, with function heads leading the way and setting best management practices.

We, at SOBHA, value and promote professionalism and merit. We also believe in empowering our people and giving them enough freedom to innovate and add value to the existing processes. At the same time, we are ever ready to adapt and adopt practices which are promising. We encourage innovation and

appreciate talent for its qualities and diversity of ideas and practices.

Achieving the highest standards in each of the three pillars of sustainability -- Economic, Environmental and Social -- is what we aspire continuously

Our core philosophy of 'Passion at Work' has stood the test of time. Thanks to our efforts, we have achieved numerous milestones during our journey, and today we have set the benchmark for quality in the industry. We are also flexible enough to continuously align ourselves with the changing market trends and offer customised products in order to ensure the highest level of customer satisfaction. That is why we entered into the new compact luxury home segment, SOBHA Dream Series to cater to a new demand from professionals who wanted a best-in-class quality product but of a smaller ticket size. We believe in honest, transparent, value laden hard work. We want all employees to become true brand ambassadors of SOBHA.

## Taking society along

Going hand in hand with our passion for work is the importance that we attach to our CSR activities. This is something that has been ingrained in us by our Founder Mr. PNC Menon. Even before he had made any profits in India he was conscious of his role



towards the society. Like a true philanthropist and a visionary, he has been at the forefront of developing 6 villages of Palakkad district in Kerala.

Much later, while the MCA (Ministry of Corporate Affairs) mandated that a company should spend 2% of its average net profits of the last 3 years on social development, SOBHA had already been spending, on an average, 5% for social development under its CSR programme. The people from Vadakkenchery, Kizhakkenchery & Kannambra grama panchayats in Palakkad district of Kerala are the primary beneficiaries of SOBHA's CSR initiatives. Besides, the Company is also a regular contributor and supporter of charitable causes in Karnataka and Tamil Nadu among other states. SOBHA's CSR activities encompass areas of education and vocational training, healthcare facilities and helping the aged, single mothers, children and others in need of financial and other assistance.

## Sustainability

Adopting sustainable business practices and creating a sustainable mind-set has been an on-going process at SOBHA. Achieving the highest standards in each of the three pillars of sustainability -- economic, environmental and social -- is what we aspire continuously.

Our buildings are designed to be energy efficient. We follow the best green practices in all our properties. SOBHA's properties such as SOBHA Turquoise, Coimbatore has a pre-certified Platinum rating and SOBHA Forest View has a pre-certified Gold rating by IGBC. Today, facilities such as water recycling plants, solar powered lighting systems and organic waste converters are provided in most of SOBHA's projects. These facilities also help us in reducing maintenance expenses significantly.

Infosys Campus, Mysore, built by SOBHA







SOBHA Silicon Oasis, Bangalore

## Reducing the carbon footprint

We extend our sustainable initiatives from construction sites to our manufacturing facilities, where every attempt is made to keep the carbon footprint low following the best industry practices.

At SOBHA, we use cutting-edge technologies to ensure green building practices. For instance, we implemented the concept of Value Engineering (VE) in one of our new high-rise building projects – SOBHA Indraprastha. A detailed study on the technology and its usage helped us understand the ways of reducing the carbon footprint in manufacturing concrete products.



SOBHA Lifestyle is our first Presidential villa project in Bangalore. It has a 15 million litre rainwater harvesting unit - the largest facility in any gated community.

The facility is expected to cater to water requirements of 55 acre community for 9 months. The project also has a lush green space with 13,000 trees covering 10 acres. Each villa comes with a private lawn. On average, there are about 13 trees per occupant.

SOBHA City at Thrissur is built on the water front of the biggest man-made lake spread over 6.5 acres. This is one of the biggest rainwater harvesting facilities in the country.

## RELIABILITY

No company can survive and flourish for as long as SOBHA has done without being reliable. Our business is built on the bedrock of trust. Our happy customers are our best brand ambassadors. People trust what existing customers say about our products, and this gives credibility to our brand. We rely more on word of mouth publicity which not only strengthens our brand image but also helps us sell better.

Most of our customers are happy and they recommend SOBHA homes to their acquaintances and friends. We also get a large number of repeat customers as they are happy and satisfied after owning and living in a SOBHA home. We have been able to achieve this by following the simple principle -- all promises made to customers, buyers, employees and other stakeholders have to be kept.

## Product differentiation

As is well known, we operate using a fully-integrated model of real estate development focused on quality and on-time delivery. It is our reliability that has made us keep our products differentiated. Today, we offer a diverse portfolio catering to a larger and wider base. Our products range from 1 BHK to Presidential villas catering to a < Rs. 50 lakh to > Rs. 7 crore. Such a diversified and differentiated portfolio helps us take care of the housing needs of people coming from different economic strata. In the last fiscal, we developed 9 real estate projects and 16 contractual projects, measuring 11.10 million sq. feet of developable area - the highest ever completion and delivery since SOBHA's inception. We have a proven track record of delivering over 7 million sq. feet of area for the past 5 years (including the Real Estate and Contractual verticals). In FY16, we did around 11 million sq. feet, which was the highest execution done by us till date. We have the capacity to scale this up further.

In further expansion of our footprint, we have also moved into a completely new segment -- SOBHA Dream Series catering to a new class of young salaried professionals and nuclear families who prefer compact luxury homes. Called 'Aspirational Housing' and targeted at the discerning aspirational middle class, the first project under the series, SOBHA Dream Acres, comes with another first - cutting edge precast technology. When complete, this project will house around 7,000 units completely made out of factory produced concrete elements that are environment friendly and built to last longer.

## Precast technology

The automated precast factory has been built within the project grounds. The state-of-the-art factory takes less manpower and can produce 20,000 sq. feet of precast elements in a day. This helps us save time and costs in a huge way. We are hopeful that it will help us achieve economies of scale very quickly.

## Diversified portfolio

In further diversification of our real estate portfolio, SOBHA has set up the first operating commercial real estate asset, SOBHA City Mall at SOBHA City, Thrissur. This 450,000 sq. feet mall offers best in class retail and entertainment experience. It also marks our first step in organized retailing which will strengthen our revenue stream further. The Company intends to scale up this area in the future.

## Ready for the 'Housing for All' scheme

Given the wide and successful forays that SOBHA has made into diversified product profiles and land portfolios, the Company is today looking forward to the Government's 'Housing for All' scheme. Under the scheme, the government has identified 305 cities and towns in nine states for beginning construction of houses for the urban poor by means of public-private-partnerships (PPPs).

This Government scheme means great news for us, as it will lower developers' borrowing costs and increase homebuyer loan limits for affordable housing. In a move that shows that SOBHA has always looked ahead and has been future ready, the Company has already ventured into the 650 sq. feet to 1200 sq. feet segment, a new growth vertical through the launch of SOBHA Dream Acres.



## Reduced bank rates

2017 is going to be the year of the buyer. After a few ups and downs the real estate market was waiting for a spark, which has been provided by a reduction in interest rates by the banks. Rate cuts and revised GDP numbers, which show that the economy has been growing faster than expected, have raised the hopes of real estate companies. These will change the fortunes of the real estate sector.

SOBHA homes are now available with savings of up to 10 per cent on EMIs. With banks ready to pass on the benefit to consumers, SOBHA is all set to help all the aspirational home buyers emerge stronger and help them convert their dreams of owning a house into reality.

## TRANSPARENCY

In a sector that is marred by opaque dealings and an indiscriminate use of black money, SOBHA stands out for its open and transparent approach in everything that it does. However, for us transparency does not only mean being transparent and open about what we do but it also means that we want buyers to be more informed. We believe that if the buyers are truly informed, they will be more discerning and take decisions based on quality and timeliness. For this, we make it a point to make relevant information available to them. We know that if buyers are better informed, they will become aware of our uncompromising business ethics, values and transparency in all spheres of the business which have contributed in making us the most admired and trusted real estate brand in India. We have a two-way communication with our customers through our various touch points such as a customer care cell, a dedicated customer portal and our interactive corporate website. These help

Concrete Products Division, Bangalore



us in making available uniform and consistent information to the customers round the clock.

Additionally, a dedicated Customer Relationship Executive (CRE) is available for any clarification/information at all times. CRE is the single point of contact to assist customers for a range of activities -- from purchase to handover/registration and dealing with all queries on matters pertaining to legal, finance, product & design, project progress, handover & registration and any other issue. After the hand-over, our Facility Management Department (FMD) provides valuable support to our customer in maintenance related issues.

## Engaging with our customers

Today, we have the SOBHA Connect Programme to engage deeper with our customers. We have gathered hundreds of very positive and encouraging video testimonials which lend credence to our quality products. We believe that brand management does not mean heavy advertising, it involves giving world class products, being guided by uncompromising work practices and ethics, and providing top end delivery excellence along with transparency and trust.

## Welcoming demonetisation

Given SOBHA's work ethics, it was perhaps the only real estate company in the country which welcomed the Government's demonetisation move. Aimed at bringing transparency in all financial dealings in the country, demonetisation did not go down well

with those interested in more opaque ways of doing business in the real estate sector. But because of its existing transparent approach, SOBHA felt no impact of demonetisation. In fact, this business as usual approach added further to the Company's credibility, and today SOBHA is looking forward to working in a sector which is in the process of becoming more professional and transparent.

## Being RERA ready

The Real Estate (Regulation and Development) Act, 2016 makes it mandatory for all commercial and residential real estate projects of over 500 square metres (eight apartments), to register with the Real Estate Regulatory Authority (RERA) for launching a project. This is meant to provide greater transparency in marketing and executing projects, thus making the entire real estate sector more transparent and ethical in its dealings. This is a welcome move in an industry where transparency has been unheard of so far and the sector is known more for the unprofessional manner in which it functions.

For SOBHA, adhering to Real Estate (Regulation and Development) Act, 2016 was just a matter of putting the system on paper, as it has been working for the last 22 years with a clear vision of transforming the way people perceive quality.

## One nation, one tax

The Goods and Services Tax (GST) is expected to be a positive move for the real estate sector, as it will give the sector a very clear taxation structure. GST will remove tax barriers between states and create a single market. For a builder, GST will





ensure that there is only one tax. This will ease the process of sourcing materials in different states as also the logistics involved in this. This faster and easier way of doing business will help in faster completion of projects as well. The simplified processes will also mean that there is lesser scope for clandestine dealings and that everything is more open and transparent.

## Welcoming the Government's initiatives

Given that the Government's drastic and dramatic initiatives in the real estate sector are meant to provide more transparency and professional conduct to the real estate sector, SOBHA not only welcomes the implementation of GST, which will boost the economy, but the additional depreciation of 20% on new plant and machinery installed by our manufacturing units will also be of much help. The proposed reduction in corporate tax from 30% to 25% in the next four years will leave further funds for additional investments for furthering our growth. Further, the government's decision to overhaul capital gains taxes to pave the way for the listing of Real Estate Investment Trusts (REITs) is a step forward that will indirectly aid the promotion of housing for all in the country, thus enabling SOBHA to emerge stronger and move from strength to strength.

## Relaxed foreign direct investment norms

Last but not the least, the relaxed foreign direct investment norms for the real estate sector which make it easier for non-residents to invest and also quit the real estate sector in the country will increase capital inflows into the sector. SOBHA as a key player can only emerge stronger from this move.

## INTEGRITY

Based on the thinking that whatever is good for the customer is also good for us, SOBHA ensures that it remains a clean player that is customer centric. Integrity is the life breath of the organisation and guides us in delivering the best so that we can create a foundation of trust across the ecosystem. Since we want to be known as a company that delivers the best quality products ethically and in a transparent manner, we tend to under promise and over deliver. This approach has worked for us, as it ensures that we are known as a Company with integrity in the market. This also ensures future business from the same clients and also helps us garner repeat customers.

## Recognitions and awards

The various awards and recognitions that we have received over the years are testimony to how much our integrity and ethical conduct are appreciated not only by our clients but also others in the real estate segment.





Marina One, Kochi

Over the years, SOBHA's residential and contractual projects have been honoured and applauded through various awards and recognitions at various prestigious fora. SOBHA Lifestyle, Bangalore; International City, NCR-Gurgaon and The Global Education Centre at Infosys, Mysore are some of our stand-out projects. SOBHA, has been honoured as

the Preferred Developer of the Year and our founder Mr. Menon has been honoured time and again with Lifetime Achievement Awards for changing the way in which the real estate business is done in the country through a transparent and ethically run company which provides international quality at competitive prices.



## Letter from the Chairman



## *Dear shareholders and friends of SOBHA,*

Fiscal 2017 was an eventful year – a transitional phase for the real estate sector. We witnessed the sudden demonetization of high value currency notes; policy that provide a greater impetus for affordable housing; lowering of interest rates; passing of the Real estate (Regulation and Development) Act, 2016 (RERA) and the Goods and Services Tax (GST) during this year. The government has set the tone for change with this wave of positive reforms, and we believe this will steer the realty sector toward a more transparent, accountable and compliant era. With a greater focus to protect consumer interests and shoring up confidence, this should surely result in attracting more demand and investment into the realty sector in India. We are quite confident that the post-reform era is one that creates a level playing field, and for SOBHA we believe it is an opportune time since we were always future ready.

More than two decades ago, SOBHA began with a clear vision to transform the way people perceive quality and to develop the highest level of excellence in every aspect of project development. Starting from design to construction quality, timeliness or safety and environmental standards – every aspect was important to us, and even today there is a great amount of focus on evolving and improving. Our backward integrated model is the outcome of that quest for perfection, where we gradually started building in-house capabilities to control every aspect in the project lifecycle. Whether it was to ensure we have the most functional and aesthetic design; safe and optimized engineering; the right quality of materials within the stipulated time; or the best trained technicians to construct world-class quality – we believed it was best to get it done ourselves. SOBHA is driven by pure passion for perfection. In parallel, doing business with the highest levels of integrity and transparency was deeply ingrained in our value system. We sincerely believed in ensuring, our people, processes and systems supported this belief, and every decision we made always had our customers' interests as our top priority. We also ensure that our disclosure policies and corporate governance standards are the best in the industry.

During the last fiscal, we registered revenues of Rs. 22.85 billion which is 15% higher than the previous year. Out of this, the real estate business contributed Rs. 14.88 billion and the contracts and manufacturing business contributed Rs. 7.58 billion. Our EBITDA stood at Rs. 4.58 billion and the profit after tax was Rs. 2.45 billion. Further, the debt equity ratio has been brought down to 0.78 and the average cost of borrowing is also reduced to 10.42% (March 2017) from 11.83% (March 2016). In addition, we have received reaffirmation of our credit rating at "A" (Stable) by ICRA.

Our new launches for the last year include SOBHA Palm Court at Bangalore and Marina One at Kochi. We completed and handed over 7 real estate projects and 10 contractual projects totaling about 5.09 million sq. feet of developable area during 2016-17. At present, we are working on 39 real estate projects and 30 contractual projects in 9 different cities – measuring about 51 million sq. feet of developable area. If we look at our delivery track record since inception, we have already completed 406 projects with 86.73 million sq. feet across 26 cities in 13 states as on 31st March, 2017.

Having consistently delivered for the past 22 years, our stakeholders have developed a deep sense of reliability, trust and admiration for SOBHA. We are truly prepared and looking forward to play an important role in the RERA regime which calls for building a strong real estate sector where there will be transparency, adherence to the rules and high consumer confidence. In addition the GST too will augur well for the real estate sector in India, for, it will bring more transparency, abolish multiple taxation and will make the system more streamlined. GST will help the real estate with an audit trail for better control and monitoring. With RERA and GST, the much needed structural change in real estate will take place and will help spur real estate demand.

With the granting of infrastructure status to the affordable segment, and giving tax incentives to make it more attractive, the government has certainly taken a positive step in the right direction. The Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (PMAY) has been extended to include the middle income groups as well. SOBHA is prepared to play a significant role in the changed scenario. We believe in informing and educating our customers and so that they can promptly benefit from the government schemes. For instance, at our SOBHA Dream Acres Project, we have customers who have already applied into these schemes. We are poised to take lead in this new regime and gain immensely.

Keeping the future requirements and the changing demands of our customers in mind, we recently introduced a customer centric outreach program called SOBHA Connect, all across our completed properties. This was primarily a listening exercise which has enabled us to understand our customers better and plan our future strategies. This has helped us evolve and engage at a deeper level with our customers. The insights that we have gained have been used as valuable feedback to strengthen the process further.

What is perhaps the biggest testimony of our core values are the awards and recognitions that have come our way. It is a matter of great pride for us that our founder Mr. PNC Menon has been honoured with the Lifetime Achievement Award for his contributions to the sector by two well-respected organizations – Deepika, the largest circulated business daily in Kerala and the K.P.S. Menon Memorial Award by the Sri Chettur Sankaran Nair Memorial Cultural (CSN) Trust. There were other recognitions as well in this financial year. SOBHA has achieved a rare hat-trick by being recognized as the Top National Realty Brand across Asset Class in India for the past three consecutive years in a row in Brand X report by Track2Realty – an independent and credible think-tank on real estate in India. We are the first real estate company in the country to have achieved this exceptional recognition in brand leadership. Additionally, SOBHA has also retained its top position in the pan-India Consumer Confidence Survey for the fourth consecutive year. Further, the report gives top scores to SOBHA in its NRI Confidence survey and for its CSR initiatives.

Furthermore, SOBHA has been recognized as the top Indian real estate player for having the best business practices, pan-India. These perception surveys have been carried out in 20 different cities in the country with large sample sizes, and emphasizes on factors such as developers' commitment towards transparency and fair trade practices leading to consumer satisfaction. Further, CIDC has honoured SOBHA for being the best professionally managed company in more than Rs. 1000 crore turnover category. While Construction

Times has recognized SOBHA with the “Best Developer of the Year” award 2016. NDTV has also recognized SOBHA City Mall, Thrissur with the “Mall of the Year” award. These recognitions and honours are truly humbling and encourage us to continue delivering our vision with unwavering focus.

In the early part of last year, we rolled out SOBHA Advantage - an employee sales referral program, which saw considerable participation and contribution from all quarters of the company. Our employees are always our greatest brand ambassadors and through this program have also showcased their salesmanship. In addition, we continue to have our employees provide innovative ideas through SOBHA Genesis – an internal platform for sharing ideas that would become best practices for our organization. I would like to thank all Sobhaites who exemplify our philosophy “Passion at Work” everyday and are truly the core strength that enable us to reach new milestones and be recognized as industry leaders.

We are confident about our future growth and expect SOBHA once again will continue to be a role model under the new RERA regime. It augurs well for players who have always adhered to all the right principles and have the best corporate governance standards. We are looking forward to an era where the real estate sector will be the new benchmark for transparency and credibility.

I would like to thank all my colleagues on the board for their tremendous support, valuable insight and guidance which keeps us aiming higher and continually improve our business. And on behalf of all employees of SOBHA and our customers, I would like to extend my sincere gratitude to you for all your support during the year. I look forward to meeting you at our annual shareholders’ meeting.

Yours sincerely,



Ravi PNC Menon

# Awards

We, at SOBHA, believe in continuous improvement and make serious efforts to create international quality homes with great passion. Our people, practices and transparency in business makes us a true customer-centric company. Over the past 22 years, we are greatly honored by the confidence reposed in us by our stakeholders and customer in keeping with our values of sincerity, hard work and dedication. A reflection of this has been the awards and accolades received by us across residential, contractual, and even more importantly for our CSR activities. In FY 2016-17, we won several awards and recognitions, which are highlighted here.

## Mr. PNC Menon, leading from the front

Our Chairman Emeritus Mr. PNC Menon was once again honoured this year for his sustained efforts and valuable contribution to the field of real estate. He has been awarded the 'Business Deepika-Lifetime Business Achievement Award 2017,' by Deepika, the most circulated business publication in Kerala. Mr. PNC Menon has also been awarded with the prestigious K.P.S. Menon Memorial Award by the Sri Chettur Sankaran Nair Memorial Cultural (CSN) Trust for his sterling contribution and commitment to industrial development and generous philanthropic and humanitarian activities for the society. In addition, our Chairman, Mr. Ravi Menon has received the 'Best CEO of the Year 2016,' award at the Construction Times Builders Awards 2016.

## Top recognitions

For the second consecutive year, SOBHA has bagged top ranks by the Track2Realty's 'Brand X Report 2015-16.' The Company has emerged the winner

across several categories—Top National Brand; Top South Indian Brand; Top Residential Brand; and Top Super Luxury Brand. More importantly, SOBHA has been voted 'The Most Trusted Brand by Consumers,' in a survey conducted by Track2Realty. The survey emphasised on factors such as developers' commitment towards transparency and fair trade practices leading to consumer satisfaction. As a tribute to our dedication, SOBHA also received the top honour as the 'Best Professionally Managed Company' (turnover > INR 1000 crores).

SOBHA was also conferred with 'One of India's Top 10 Builders' award for the year 2016 at the 11th Construction World Architect & Builder (CWAB) 2.0. It has been equally satisfying to receive the 'Best Developer of the Year 2016' award at the Construction Times Builders Awards 2016.

## Making a regional mark

Our individual projects spread across the country also won us awards this year. Among these are SOBHA Evergreens, Chennai bagging the 'Best Residential Plot Development of the Year,' award at Siliconindia Chennai Real Estate Awards 2016 and Phase 1, International City, Gurgaon Project receiving the top recognition in the category Outstanding Contribution in Real Estate (Residential Project) at the 6th EPC World awards.

Further, SOBHA City Mall, Thrissur, Kerala has won the 'Mall of the Year' (in the category below 10 lac sq. ft.) category at the NDTV Property Awards. The Company's project in Coimbatore, 'SOBHA Westhill' bagged the 'Best Construction Project Award' for its well-crafted residential project at the 9th CIDC Viswakarma Awards, 2017.





Mr. Ramakrishnan P., Ex-DMD, SOBHA receiving the 'TMA-HLL CSR 2016' award

### Some firsts

SOBHA was included as an independent study on 'Board Evaluation in India: Disclosures and Practices' carried out by the National Stock Exchange of India Limited (NSE) in association with the Institutional Investor Advisory Services (IIAS), a proxy advisory firm. Further, IIAS rated SOBHA Limited as the only featured real estate Company, among the two companies in the country with, 'Best Disclosure Practices'.

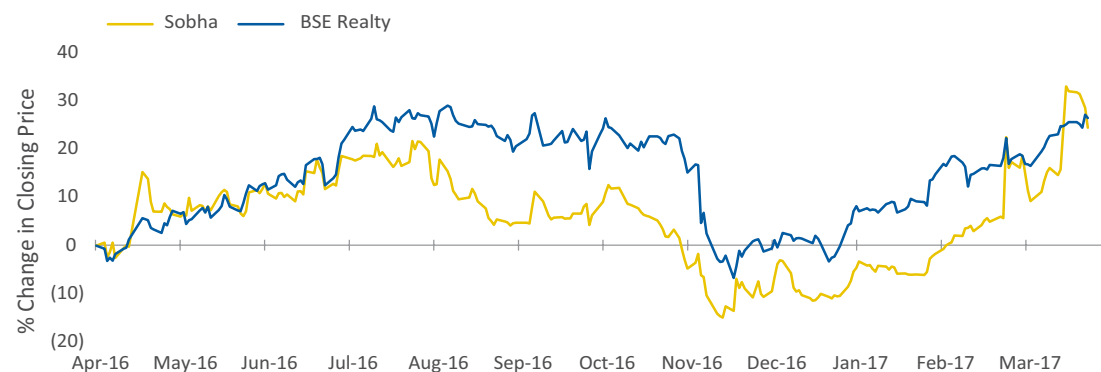
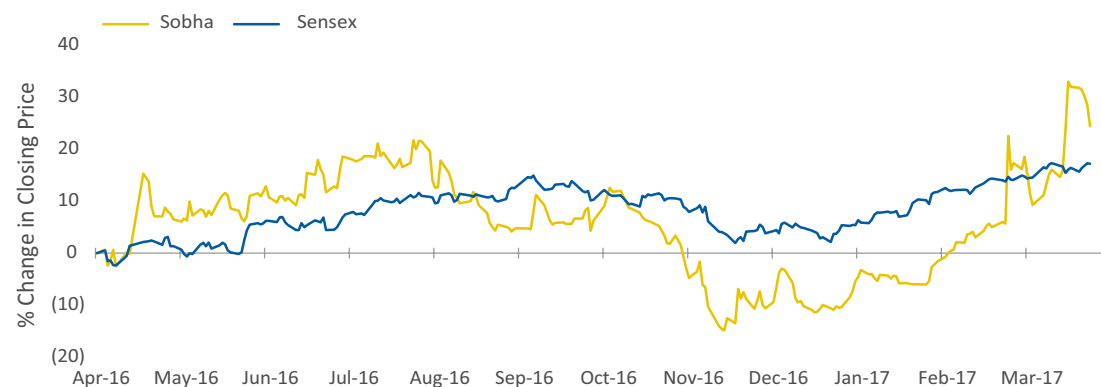
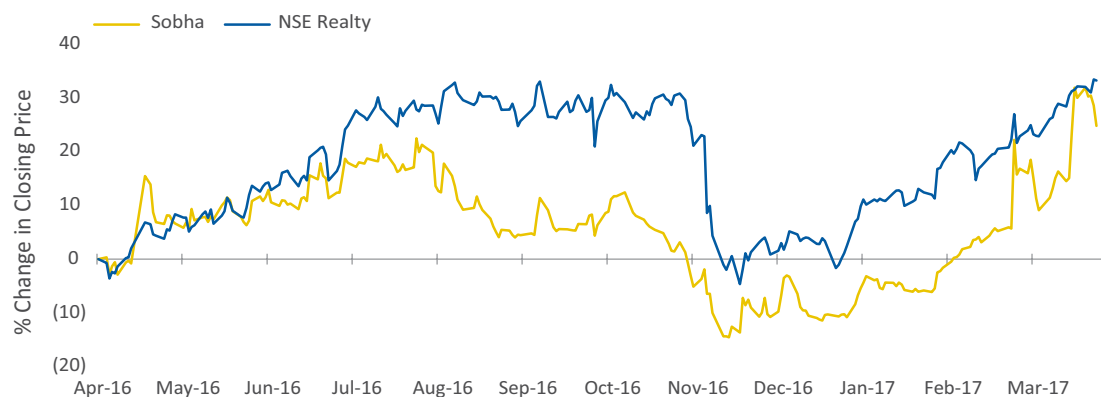
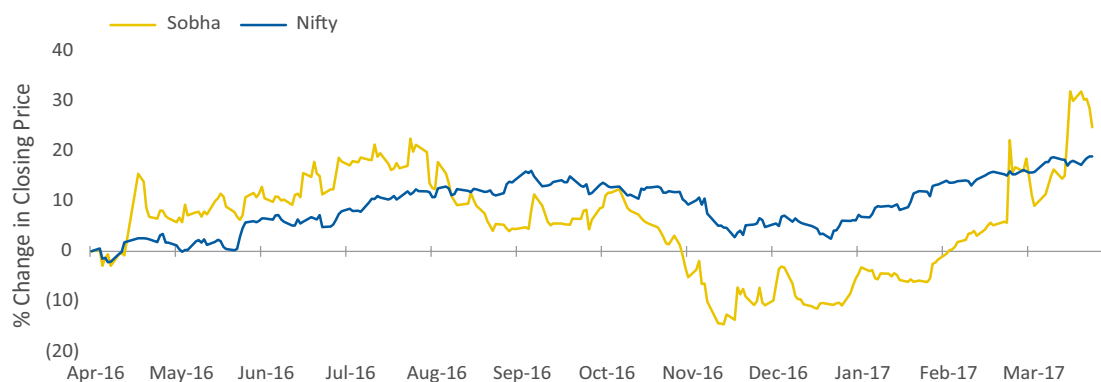
In addition, SOBHA has also received top honours in India's first ever Real Estate Best Practices audit report -2017 by Track2Realty. This is first of its kind in-depth report on best practices prevalent in real estate sector in the country. As a matter of fact, out of the ten metrics that were evaluated in this study for 'Best Practices' SOBHA clinched top position on 6 of those. The company has been ranked number one with the metrics of Execution, Consumer Connect, Transparent Deals, Care, Communication and Desirable Practices. This has

completely vindicated our company's philosophy which was so thoughtfully delineated 22 years back by our founder Mr. PNC Menon. SOBHA's unique backward integrated model has proven its mettle time and again.

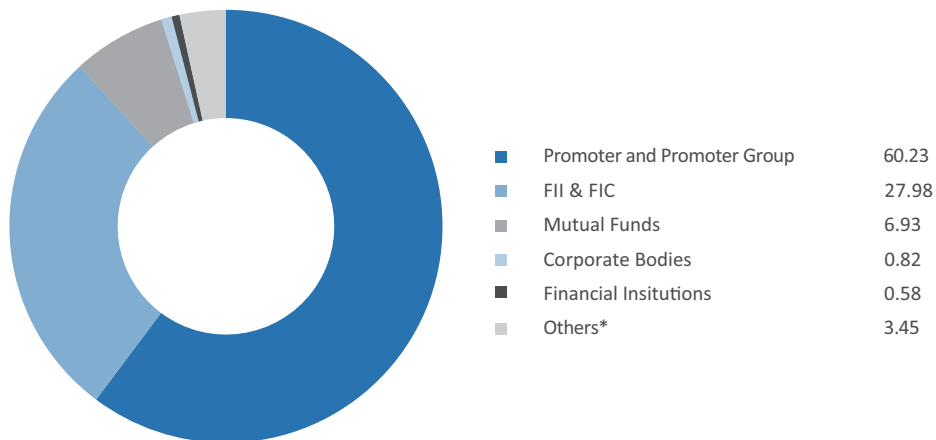
### CSR

Since our inception, it has been our endeavour to work towards enriching the life of people in need and make a meaningful contribution to the society. The company has been conferred with the 'Achievement Award for Social Development & Impact', through its Sri Kurumba Educational and Charitable Trust for the inspiring contribution in social work in Kerala by CIDC this year. Additionally, SOBHA has been honoured with the 'TMA-HLL CSR 2016' award by Trivandrum Management Association (TMA) - an affiliate of the All-India Management Association (AIMA) for its CSR initiatives. These awards not only recognises our efforts but also motivates us to strive harder to uplift the poorest of the poor and transform their lives.

# Share Price Performance



### Category wise distribution of shareholders as on March 31, 2017



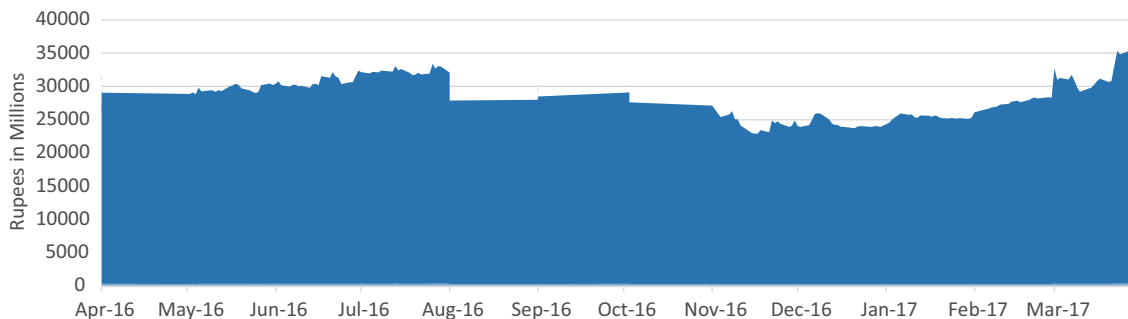
#### Shareholding Movements

	March 31, 2017	March 31, 2016	% Change in the Category
Promoter and Promoter Group	58,009,300	59,409,300	(2.36)
Foreign Institutional Investors & Foreign Portfolio Investor	26,949,216	28,804,938	(6.44)
Mutual Funds	6,673,016	4,502,235	48.22
Financial Institutions	559,147	549,671	44.16
Corporate Bodies	792,393	789,860	(29.21)
Others*	3,321,604	4,007,864	(17.12)
<b>Total</b>	<b>96,304,676</b>	<b>98,063,868</b>	

\*Others include NRI, trusts, insurance companies, retail shareholders etc.

Note: The Change in percentage is mainly due to buyback of 1,759,192 Equity Shares @ Rs. 330 per share by the Company during the Financial Year 2016-17.

#### Market Capitalisation





## Board of Directors



Sitting from left to right

**Dr. S.K. Gupta**  
Independent Director

**J C Sharma**  
Vice Chairman & Managing Director

**Ravi PNC Menon**  
Chairman

**Dr. Punita Kumar - Sinha**  
Independent Director

Standing from left to right

**R V S Rao**  
Independent Director

**Anup Shah**  
Independent Director

### **Mr. Ravi PNC Menon - Chairman**

Mr. Ravi PNC Menon is the Chairman of the Company. He holds a degree in Bachelor of Science in Civil Engineering from Purdue University, USA. He has thirteen years of experience in the field of construction and real estate development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company in particular, emphasis on product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Design and Engineering, Project Management, Sales & Marketing, Quality, Safety & Technology, Estimation, Cost Audit, Value Engineering, Landscaping, etc. He played a key role in the successful integration of pre-cast technology in our construction methodology. He plays an influential and prominent role in augmenting the product delivery levels of the Company, attainment of superior standards of quality, new product launches and customer relationship management.

### **Mr. J.C. Sharma - Vice Chairman & Managing Director**

Mr. J.C. Sharma is the Vice-Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 35 years of experience in diversified industries such as automobiles, textiles and steel. He has 16 years of cumulative experience in the Company and has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the responsibility of managing the affairs of the Company and is responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

### **Dr. S.K. Gupta – Independent Director**

Dr. S.K. Gupta is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 58 years of experience in the field of metallurgy, engineering and management in the steel and allied domain. He has been associated with several reputed organisations such as Jindal Saw Limited, Jindal Vijayanagar Steel Limited, Rourkela Steel Plant/Steel Authority of India Limited and Mishra Dhatu Nigam Limited (Ministry of Defence), Metallurgical and Engineering Consultants (Mecon) in varied capacities. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of other national institutions. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010. Dr. Gupta is the recipient of National Metallurgist Award; Tata Gold Medal and Indian Institute of Metals (IIM), Government of India, Platinum Medal for 'pioneering contributions to national steel sector and for developing path breaking technologies'.

### **Mr. R.V.S. Rao - Independent Director**

Mr. R.V.S. Rao is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mysore and a bachelor's degree in law from Bangalore University. He is a fellow member of Indian Institute of Banking and Finance. He has over 45 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National

Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

### **Mr. Anup Shah - Independent Director**

Mr. Anup Shah is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 33 years of experience in the field of law, specifically real estate law. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

### **Dr. Punita Kumar-Sinha - Independent Director**

Dr. Punita Kumar-Sinha is an Independent Director of the Company. She has a career spanning over 27 years focused on investment management. She is the founder of Pacific Paradigm Advisors (PPA), an independent investment advisory and management

firm focused on Asia. She is also a Senior Advisor and serves as an Independent Director on Boards of both public and private companies in India. Prior to PPA, she was a Senior Managing Director at the Blackstone Group, leading Blackstone Asia Advisors and serving as the CIO for The India Fund (NYSE:IFN), the largest India Fund in the US for almost 15 years, The Asia Tigers Fund (NYSE:GRR), and The Asia Opportunities Fund. Prior to Blackstone she was a managing director and senior portfolio manager at Oppenheimer Asset Management and CIBC World Markets, where she helped open one of the first India advisory offices for a foreign firm. She also worked at Batterymarch (a Legg Mason company), Standish Ayer & Wood (a BNY Mellon company), J.P. Morgan and IFC/World Bank. Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering from the Indian Institute of Technology (IIT), New Delhi and was awarded the prestigious "Distinguished Alumni Award" from IIT Delhi. She has an MBA and is also a CFA Charter holder. She is a member of the CFA Institute and the Council on Foreign Relations. She has also won the 'Best woman Director' award in 2016 from the Asian Center for Corporate Governance and Sustainability.



# Committees of the Board

## Audit Committee

Mr. R V S Rao	Chairman
Dr. S K Gupta	Member
Mr. Anup Shah	Member
Mr. J C Sharma	Member

## Stakeholders Relationship Committee

Dr. S K Gupta	Chairman
Mr. Ravi PNC Menon	Member
Mr. J C Sharma	Member

## Nomination, Remuneration and Governance Committee

Mr. Anup Shah	Chairman
Dr. S K Gupta	Member
Mr. R V S Rao	Member
Mr. Ravi PNC Menon	Member

## Risk Management Committee

Mr. Anup Shah	Chairman
Mr. Ravi PNC Menon	Member
Mr. J C Sharma	Member

## Corporate Social Responsibility Committee

Mr. Anup Shah	Chairman
Mr. Ravi PNC Menon	Member
Mr. J C Sharma	Member

# Corporate Information

## Company Secretary and Compliance Officer

Mr. Vighneshwar G Bhat

## Chief Financial Officer

Mr. Subhash Bhat

## Statutory Auditors

M/s. S.R. Batliboi & Associates LLP  
UB City, Canberra Block, 12<sup>th</sup> & 13<sup>th</sup> Floor  
No.24, Vittal Mallya Road, Bangalore - 560 001

## Bankers

Aditya Birla Finance Limited  
Andhra Bank  
Axis Bank  
Bank of India  
DCB Bank Limited  
Dhanlaxmi Bank  
HDFC Limited  
ICICI Bank  
IDBI Bank Limited  
Karur Vysya Bank Limited  
Oriental Bank of Commerce  
PNB Housing Finance Limited  
South Indian Bank Limited  
Standard Chartered Bank  
State Bank of Hyderabad  
State Bank of India  
Syndicate Bank  
Tata Capital Financial Services Limited  
Tata Capital Housing Finance Limited  
Union Bank of India

## Legal Advisors

Anup S Shah Law Firm

## Registered and Corporate Office

Sobha Limited  
'SOBHA'  
Sarjapur-Marathahalli Outer Ring Road (ORR)  
Devarabisanahalli, Bellandur Post  
Bangalore - 560 103  
Tel: +91 80 4932 0000, Fax: +91 80 4932 0444  
[www.sobha.com](http://www.sobha.com)

# Directors' Report

Dear Member(s),

We have pleasure in presenting the Twenty Second Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2017.

## Financial Highlights

(₹ in million)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
<b>Total Revenue</b>	<b>22,273.72</b>	<b>19,521.40</b>	<b>22,847.52</b>	<b>19,908.38</b>
Operating Expenditure	17,945.67	15,095.31	18,264.09	15,136.30
Earnings before Interest, Depreciation and Amortisation	4,328.05	4,426.09	4,583.43	4,772.08
Depreciation and Amortisation	599.88	585.84	638.23	596.89
Finance Cost	1,478.62	1,529.22	1,496.70	1,636.57
<b>Profit Before Tax</b>	<b>2,249.55</b>	<b>2,311.03</b>	<b>2,577.75</b>	<b>2,568.91</b>
Tax Expenses:				
• Current Tax	866.45	255.03	961.16	360.55
• Deferred tax charge / (credit)	(19.04)	808.33	9.06	827.71
<b>Profit after Tax</b>	<b>1,402.14</b>	<b>1,247.67</b>	<b>1,607.53</b>	<b>1,380.65</b>

Pursuant to the Listing Regulations, the provisions of the IND-AS Accounting System are applicable to the Company effective Q1 of 2016-17. To that extent, the accounting methods are changed and adjustments have been carried-out wherever necessary. There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the audited results relates to the date of this report.

## BUSINESS AND OPERATIONS

### A. Business Overview

The Company is operating in the following two segments.

- Construction and development of residential and commercial projects
- Contractual projects

A summary of completed and ongoing projects as on March 31, 2017 has been detailed in the Management Discussion and Analysis Report titled Management Report forming part of the Annual Report.

### B. Financial Overview

#### Standalone

During the financial year 2016-17, the Company on a standalone basis, earned total revenues of ₹ 22,273.72 million as compared to ₹ 19,521.40 million in the previous year, an increase of 14.10 percent y-o-y. The Profit before Tax was ₹ 2,249.55 million as against ₹ 2,311.03 million during the year (decreased by 2.66 percent) and Profit after Tax was ₹ 1,402.14 million as against ₹ 1,247.67 i.e. increased by 12.38 percent.

## Consolidated

The consolidated revenues of the Company during financial year 2016-17 were ₹ 22,847.52 million, an increase of 14.76 percent from the previous year. The Profit before Tax increased by 0.34 percent and Profit after Tax (after considering minority interest) increased by 16.43 percent as compared to the financial year 2015-16.

## Transfer to Reserves

An amount of ₹ 140.21 million is proposed to be transferred out of the current profits to the General Reserve.

## Dividend

The Board of Directors, subject to the approval of the shareholders at the ensuing Annual General Meeting are pleased to recommend a dividend of ₹ 2.50 per equity share of ₹ 10 each.

## C. Operational Overview

### Completed Projects

During the year under review, the Company executed and handed over seven real estate projects covering 3.21 Million Square Feet of developable area and 10 contractual projects covering an area of 1.88 million square feet resulting in an aggregate development of 5.09 million square feet.

The Company has completed 118 real estate projects and 288 contractual projects covering about 86.73 million square feet of area since its inception.

### Ongoing Projects

The Company currently has 37 ongoing residential projects aggregating 40.55 million square feet of developable area. It has 30 ongoing contractual projects aggregating 8.81 million square feet under various stages of construction.

The Company has a geographic presence in 26 cities and 13 states across India.

### Share Capital

The authorized share capital of the Company is ₹ 2,000,000,000 divided into 150,000,000 equity

shares of ₹ 10 each and 5,000,000 preference shares of ₹ 100 each. At the beginning of the year under review, the issued, subscribed and fully paid up capital was ₹ 980,638,680 divided into 98,063,868 equity shares of Rs. 10 each. Consequent to buy-back of 1,759,192 equity shares during the year under review, the issued, subscribed and paid-up capital of the Company as on 31<sup>st</sup> March, 2017 was ₹ 963,046,760 divided into 96,304 676 equity shares of ₹ 10 each.

Sobha Limited is a public limited company and its equity shares are listed on the National Stock Exchange of India Limited and on BSE Limited.

### Buyback of Equity Shares

The Board, at its meeting held on 19<sup>th</sup> May, 2016 approved the buyback proposal for purchase of up to 2,275,000 shares of ₹ 10 each (representing 2.32 percent of the total equity capital) by the Company from shareholders on a proportionate basis by way of a tender offer route at a price of ₹ 330 per equity share amounting to an aggregate amount not exceeding ₹ 750.75 million in accordance with the provision of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998. Accordingly, the buy-back of the shares was carried out. In response to the offer given by the Company, 1,759,192 equity shares were tendered and the said shares were bought back with a total cost of ₹ 58.05 crores.

### Changes in Directors and Key Managerial Personnel

During the year under review, Mr. M Damodaran, Independent Director resigned from the Board of Directors effective 12<sup>th</sup> September, 2016. As on 31<sup>st</sup> March, 2017, the Board comprised of seven Directors of which, three were Executive Directors and four were Non-Executive Independent Directors.

Further, Mr. Kishore Kayarat, Company Secretary and Compliance Officer and a Key Managerial Personnel of the Company resigned from his position effective 10<sup>th</sup> September, 2016. Mr. Vighneshwar G Bhat joined as Company Secretary and Compliance Officer and Key Managerial Personnel in the position vacated by Mr. Kishore Kayarat.



## Changes in Subsidiaries, Joint Ventures and Associates

The shareholders are aware that Sobha Highrise Ventures Private Limited, a joint venture was setup with a private equity player for execution of a specific project "SOBHA Palladian" at Yamlur, Bangalore. During the year under review, the joint venture partner expressed its willingness to exit from the joint-venture. Accordingly, a valuation of the said joint venture was carried out by a competent independent valuer. Based on the valuation report, 10,300,000 shares of different classes held by the joint venture partner were purchased by Sobha Limited for a total consideration of ₹ 346,780,000/- (Rupees Thirty Four Crores Sixty Seven Lakhs and Eighty Thousand only). Upon purchase of the said shares, Sobha Highrise Ventures Private Limited has become a wholly owned subsidiary of Sobha Limited.

## Significant or Material Orders passed by Regulators / Courts

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

# BOARD OF DIRECTORS AND ITS COMMITTEES

## A. Composition of the Board of Directors

As on 31<sup>st</sup> March, 2017, the Board of Directors of the Company comprised of seven Directors of which four were Non-Executive Independent Directors and three were Executive Directors. The composition of the Board of Directors is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

## B. Meetings:

During the year under review, the Board of Directors met five times on the following dates:

- May 19, 2016
- August 03, 2016
- September 10, 2016
- November 21, 2016
- February 08, 2017

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on May 19, 2016.

## C. Re-appointment of Director Retiring by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. J C Sharma, Vice Chairman and Managing Director (DIN: 01191608) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board, based on the recommendations of the Nomination, Remuneration and Governance Committee, has recommended the re-appointment of Mr. J C Sharma, Vice Chairman and Managing Director, retiring by rotation.

The Notice convening the Annual General Meeting includes the proposal for re-appointment of Mr. J C Sharma as a Director. A brief resume of Mr. J C Sharma has been provided as an Annexure to the Notice convening the Annual General Meeting. Specific information about the nature of Mr. J C Sharma's expertise in specific functional areas and the names of the companies in which he holds directorship and membership / chairmanship of the Board committees have also been provided in the Notice convening the Annual General Meeting.

## D. Re-constitution of Committees of the Board

Consequent to resignation of Mr. M Damodaran, a Member of the Audit Committee, the Audit Committee was re-constituted during the year under review. A detailed note on the Committees of the Board

of Directors is given in the Corporate Governance Report forming part of the Annual Report.

## E. Performance Evaluation

In terms of Section 134 (3) (p) read with Articles VII and VIII of Schedule IV of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance and that of its statutory committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination, Remuneration and Governance Committee and that of individual Directors.

The Board also assessed the performance and the potential of each of the Independent Directors with a view to maximising their contribution to the Board. As envisaged by the Act, the Independent Directors at a meeting conducted, reviewed the performance of the Chairman of the Board. At the same meeting, the review of the Executive Directors was also carried out.

## F. Directors' Responsibility Statement

According to the information and explanations obtained, your Directors hereby confirm pursuant to Section 134(5) of the Companies Act, 2013, that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 profit of the company for that period;
- c) proper and sufficient care has been taken 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;
- d) the annual accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the company has been laid down and such internal financial controls are adequate and were operating effectively; and
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## AUDIT RELATED MATTERS

### A. Audit Committee

The Company has a duly constituted Audit Committee. The composition of the Committee as on 31<sup>st</sup> March, 2017 was:

1. Mr. R V S Rao (Independent Director) - Chairman
2. Dr. S K Gupta (Independent Director) - Member
3. Mr. Anup Shah (Independent Director) - Member
4. Mr. J C Sharma (Vice Chairman and Managing Director) - Member

The terms of reference, powers, role and responsibilities of the Audit Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

During the period under review, the advice and suggestions recommended by the Audit Committee were duly considered and accepted by the Board of Directors. There were no instances of non-acceptance of such recommendations.

### B. Statutory Auditors

The Statutory Auditors expressed an unmodified opinion in the Audit Reports in respect of the audited financial statements for the financial year ended March 31, 2017. There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors.

The present Statutory Auditors, Messrs S R BATLIBOI & ASSOCIATES LLP (Firm Registration No.101049W/E300004) will hold office upto the conclusion of the ensuing Annual General Meeting and are not eligible for re-appointment as Statutory

Auditors of the Company as they are completing the maximum permissible period under the Companies Act, 2013 and the Rules made thereunder, as the Statutory Auditors of the Company. The Board of Directors have recommended the appointment of Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as new Statutory Auditors of the Company for a period of five years from the conclusion of this Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting, subject to ratification of their appointment by the Members at every Annual General Meeting.

A resolution seeking approval of appointment of Messrs B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company forms part of the Notice convening the ensuing Annual General Meeting.

### C. Secretarial Audit

Secretarial Audit of the Company for the year ended March 31, 2017 was conducted by Mr. Nagendra D Rao, Practicing Company Secretary. The Secretarial Audit Report issued by Mr. Nagendra D Rao, in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report (**Annexure A**). There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

### D. Cost Audit

The Cost Audit Report for the financial year 2015-16 was filed with the Ministry of Corporate Affairs, New Delhi within the due date prescribed under the Companies (Cost Records and Audit) Rules, 2014. There are no qualifications or adverse remarks in the Cost Audit Report which require any explanation from the Board of Directors.

Based on the recommendations of the Audit Committee, the Board of Directors re-appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2016-17. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors

for financial year 2016-17 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

### E. Internal Audit and Internal Financial Controls

The in-house internal audit team is responsible for assurance with regard to the effectiveness and efficiency of internal control systems and processes. The audit team in your Company is independent, designed to add value and improve the Company's processes. It helps the Company to accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and the governance process.

There are adequate internal financial controls in place with reference to the financial statements. During the year under review, these controls were tested and no significant weakness was identified either in the design or operation of the controls. A report issued by the Statutory Auditors, M/s. S R Batliboi & Associates LLP, on internal financial controls forms part of the Annual Report.

## POLICY MATTERS

### A. Nomination and Remuneration Policy

The Nomination, Remuneration and Governance Committee of the Board of Directors is responsible for recommending the appointment of Directors and Senior Management to the Board of Directors of the Company. The Company has in place a Nomination and Remuneration Policy containing the criteria for determining qualifications, positive attributes and independence of a Director and a policy relating to the remuneration for Directors, key managerial personnel and senior management personnel of the Company. The Nomination and Remuneration Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>. Extracts from the policy are reproduced in **Annexure B** to this report.



## B. Risk Management Framework

The Company has developed and implemented a risk management framework detailing the various risks faced by the Company and methods and procedures for identification, monitoring and mitigation of such risks. The Board of Directors of the Company have constituted a Risk Management Committee which is entrusted with the task of monitoring and reviewing the risk management plan and procedures of the Company. The risk management function is complimentary to the internal control mechanism of the Company and supplements the audit function.

## C. Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

In terms of Section 134 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on Corporate Social Responsibility activities of the Company is given in **Annexure C** to this report.

## D. Vigil Mechanism

The Company has established a vigil mechanism to promote ethical behaviour in all its business activities and has in place a mechanism for employees to report any genuine grievances, illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulation or conduct to the Chief Vigilance Officer and the Audit Committee of the Board of Directors. The policy also provides for adequate protection to whistle blower against victimisation or discriminatory practices. The Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

During the year under review, the Company did not receive any complaints relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct from any employee or directors.

## OTHER MATTERS

### A. Debentures

As on 31<sup>st</sup> March, 2017, the Company had various series of outstanding Secured Redeemable Non-Convertible Debentures aggregating ₹ 3,250,000,000 (Rupees Three Hundred and Twenty Five Crore). The debentures are listed on BSE Limited. Interest on the said debentures was paid on time as per the relevant provisions of the Companies Act, 2013 and Listing Regulations. The Company complied with all the applicable provisions of the Listing Regulations in respect of the said listed debentures.

### B. Deposits

The Company did not accept any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review and there are no outstanding deposits as on date.

### C. Transfer to Investor Education and Protection Fund

In compliance with Section 124 of the Companies Act, 2013, the dividends pertaining to financial year 2008-09 which was lying unclaimed with the Company was transferred to the Investor Education and Protection Fund during the financial year 2016-17. The details of unclaimed dividend transferred to the Investor Education and Protection Fund are detailed in the Corporate Governance Report forming part of the Annual Report.

### D. Human Resources

Employee relations continue to be cordial at all levels and in all divisions of the Company. The Board of Directors would like to express their sincere appreciation to all the employees for their continued hard work and steadfast dedication.

As on March 31, 2017, the Company had an organisational strength of 2,698 employees.

Details of the employees are provided in a separate section of the Annual Report.

## **E. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013**

Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment of women at the work place. There was no case of sexual harassment reported during the year under review.

## **F. Awards and Recognition**

During financial year 2016-17, the Company was conferred with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

## **G. Corporate Governance**

In accordance with Schedule V of the Listing Regulations, a separate report on corporate governance is provided in the Annual Report.

A certificate from Mr. Nagendra D Rao, Practicing Company Secretary affirming compliance with the various conditions of corporate governance in terms of the Listing Regulations is given in **Annexure D** to this report.

## **H. Code of Conduct**

The Company has laid down a Code of Conduct for the Directors as well as for all employees of the Company. As prescribed under Regulation 17 of the Listing Regulations, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2016-17 forms part of the Corporate Governance Report.

## **I. Management Discussion and Analysis Report**

In accordance with the requirements of the Listing Regulations, the Management Discussion and Analysis Report titled Management Report is presented in a separate section of the Annual Report.

## **J. Extract of the Annual Return**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the annual return for the financial year ended March 31, 2017 in MGT 9 is enclosed as **Annexure E** to this report.

## **K. Particulars of Loans, Guarantees and Investments**

In terms of Section 134 of the Companies Act, 2013, the particulars of loans, guarantees and investments made by the Company under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Financial Statements.

## **L. Related Party Transactions**

During the year, the Company did not enter into any contract / arrangement / transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. Related party transactions, if any, pursuant to the Listing Regulations were approved by the Audit Committee from time to time prior to entering into the transactions. The related party transactions undertaken during the financial year 2016 – 17 are detailed in the Notes to Accounts of the Financial Statements.

## **M. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

In terms of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the details of energy conservation, technology absorption, foreign exchange earnings and outgoings are given as **Annexure F** to this Report.

## **N. Remuneration Details of Directors, Key Managerial Personnel and Employees**

The details of the remuneration of Directors, key managerial personnel and the statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 of the

Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure G** to this report.

### **O. Business Responsibility Report**

As required under Regulation 34 of the Listing Regulations, the Business Responsibility Report is given in **Annexure H** to this report.

### **P. Financial Position and Performance of Subsidiaries, Joint Ventures and Associates**

In terms of Section 134 of the Act and Rule 8(1) of the Companies (Accounts) Rules, 2014, the financial position and performance of subsidiaries are given as an annexure to the Consolidated Financial Statements.

### **Q. Additional Information to Shareholders**

All important and pertinent investor information such as financial results, investor presentations, press releases, new launches and project updates are made available on the Company's website ([www.sobha.com](http://www.sobha.com)) on a regular basis.

## **ACKNOWLEDGEMENTS**

The Directors would like to place on record their sincere appreciation for the Company's customers, vendors, and bankers for their continued support to the Company during the year. The Directors also wish to acknowledge the contribution made by employees at all levels for steering the growth of the organisation. We thank the Government of India, the State Governments and other Government Agencies for their assistance and cooperation and look forward to their continued support in the future. Finally, the Board would like to express its gratitude to the members for their continued trust, co-operation and support.

**For and on behalf of the Board of Directors of  
Sobha Limited**



**Ravi PNC Menon**  
Chairman



**J C Sharma**  
Vice Chairman & Managing Director

**Place: Bangalore**  
**Date: May 16, 2017**



# Annexure A

## Secretarial Audit Report

To,  
The Members,  
Sobha Limited,  
SOBHA, Sarjapur-Marathahalli Outer Ring Road (ORR),  
Devarabisanahalli, Bellandur Post,  
Bengaluru – 560103.

My report of even date is to be read along with this letter.

### Management's Responsibility

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,  
3rd Cross, S.L.Byrappa Road,  
Hanumanthnagar,  
Bangalore – 560 019.

Place: Bengaluru  
Date: May 16, 2017

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
 The Members,  
 Sobha Limited,  
 SOBHA, Sarjapur-Marathahalli Outer Ring Road (ORR),  
 Devarabisanahalli, Bellandur Post,  
 Bengaluru – 560 103.

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Sobha Limited (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Sobha Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sobha Limited ("the Company") for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable- as the company has not raised any Share Capital by Issue of Shares during the financial year under review].
  - (d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014) [Not Applicable to the Company during the financial year under review];

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review]; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The Laws as are applicable specifically to the Company are as under:
- a) Transfer of Property Act, 1882
  - b) Indian Easements Act, 1882,
  - c) Registration Act, 1908,
  - d) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and
  - e) The Land Acquisition Act, 1894.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Except to the extent of Board of Directors meeting called at Shorter notice on August 3rd, 2016, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views were required to be recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has:

1. Passed a Special Resolution Re-appointing Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-Time Director designated as Chairman for further period of 5 years with effect from April 01 2016.
2. Passed a Special Resolution under Section 42 and 71 of the Companies Act, 2013, for the Issue of secured or unsecured redeemable non-convertible debentures in one or more series or tranches, aggregating up to Rs. 500,00,00,000 (Rupees Five Hundred Crores only) on Private Placement basis.

Signature:



Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,  
3rd Cross, S.L.Byrappa Road,  
Hanumanthnagar,  
Bangalore – 560 019.

Place: Bengaluru

Date: May 16, 2017



## Annexure B

### EXTRACT FROM NOMINATION AND REMUNERATION POLICY

Policy on Appointment and Removal of Directors, Key Managerial Personnel and Senior Management:

#### A. Eligibility or Criteria for Appointment:

**Educational Qualification:** No person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel unless he / she possesses at least a bachelors' degree in a recognized and relevant field. Educational qualification over and above the bachelors' degree, though not mandatory, shall be preferable. However, the requirement of minimum educational qualification can be waived if the candidate showcases exceptional knowledge, talent, creativity and / or aptitude for the position.

**Experience:** A person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel if he / she possess adequate experience in the respective field(s). Between two candidates possessing same / similar educational qualification, the person with more experience will ordinarily be preferred. Experience in diverse fields will be given due weightage.

**Integrity:** The person considered for appointment shall be a person of integrity and good standing. No person convicted of any offence involving moral turpitude shall be considered for appointment to post of a Director, Key Managerial Personnel and/or Senior Management.

**Age:** A person shall not be considered for appointment to the post of a Whole-time Director of the Company if he / she has attained the age of seventy years.

**Independence:** No person shall be appointed as an Independent Director of the Company unless he / she meets the criteria of independence as specified in the Companies Act, 2013 and Listing Agreement.

**Limits on Directorship:** No person shall be appointed as a Whole-time Director / Independent

Director of the Company unless such directorship is within the limits prescribed by law in this behalf.

**Limits on Committee Membership:** The number of Chairmanship or membership of committees held by a person shall be within the limits prescribed by law in this behalf in order to be considered for appointment as a Whole-time Director / Independent Director of the Company.

#### B. Term of Office:

##### Whole-time Director:

- i. The Whole-time Director(s) of the Company shall be appointed for a term not exceeding five years at a time.
- ii. The Whole-time Director(s) shall be eligible for re-appointment for further terms not exceeding five years at a time subject to the approval of members of the Company.
- iii. No such re-appointment shall be made earlier than one year before the expiry of the current term.

##### Independent Director(s):

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors of the Company.
- ii. An Independent Director shall be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution in this regard by the members of the Company.
- iii. No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for re-appointment after the expiry of three years of ceasing to be an Independent Director where he/she has served for two consecutive terms.

#### Key Managerial Personnel and Senior Management:

The term of office of Key Managerial Personnel and Senior Management of the Company shall be in accordance with the prevailing Human Resource policy of the Company.

### C. Removal of Director, Key Managerial Personnel and Senior Management of the Company:

The Committee shall recommend to the Board of Directors, the removal from office of any Director, Key Managerial Personnel and / or Senior Management Personnel of the Company:

- i. Whenever a Director, Key Managerial Personnel and / or Senior Management Personnel of the Company incurs any disqualification specified under any applicable law which renders their position untenable.
- ii. Whenever a Director, Key Managerial Personnel and / or Senior Management Personnel of the Company is found guilty of violating the Code of Conduct, the Code of Conduct for Prevention of Insider Trading of the Company and / or such other policy as may be decided by the Committee.
- iii. Whenever a Director, Key Managerial Personnel and / or Senior Management of the Company acts in a manner which is manifestly against the interests of the Company. In case of any proceedings under this sub-clause, the concerned Director, Key Managerial Personnel and / or Senior Management of the Company shall be given an opportunity of being heard by the Committee.

#### Performance Evaluation:

- i. The performance evaluation of each director will be carried out by the Committee in the first instance. It shall place its recommendations before the Board of Directors.
- ii. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). It shall take into consideration the views of the Committee.
- iii. The Independent Directors shall review the performance of non-independent directors and the Board as a whole. The Independent Directors shall take into consideration the views of the Committee.
- iv. The Independent Directors shall review the performance of the Chairperson of the

company, taking into account the views of the Committee, the executive directors and non-executive directors.

The Independent Directors of the Company are experts in their respective fields. They bring with them specialized skills, vast repertoire of knowledge and a wide diversity of experience and perspectives. In view of their significant expertise, the Independent Directors may recommend the mechanism for evaluating the performance of the Board as a whole as well as individual directors.

In lieu of such recommendation, the criteria for Performance Evaluation laid down below may be considered. However, the below mentioned criteria is only suggestive and the Board / Directors may consider such other criteria as they may deem necessary for effective evaluation of performance.

#### Board of Directors:

- i. Establishment of distinct performance objectives and comparison of performance against such objectives.
- ii. Contribution of the Board to the development of strategy.
- iii. Contribution of the Board in developing and ensuring robust and effective risk management system.
- iv. Response of the Board to problems or crises that have emerged.
- v. Suitability of matters being reserved for the Board under the Listing Agreement.
- vi. Relationship between the board and its main committees and between the committees themselves.
- vii. Communication of the Board with the management team, key managerial personnel and other employees.
- viii. Knowledge of latest developments in the regulatory environment and the market.
- ix. Appropriateness, quality and timeliness of flow of information to the Board.
- x. Adequacy and quality of feedback by the Board to management on its requirements.

- xi. Adequacy of frequency and length of board and committee meetings.
- xii. Appropriate mix of knowledge and skills in the composition of the board and its committees.

#### **Committees of the Board of Directors:**

- i. Suitability of matters being reserved for the Committee(s).
- ii. Communication of the Committee(s) with the management team, key managerial personnel and other employees.
- iii. Appropriateness, quality and timeliness of flow of information to the Committee(s).
- iv. Adequacy and quality of feedback by the Committee(s) to management on its requirements.
- v. Adequacy of frequency and length of the committee meetings.
- vi. Appropriate mix of knowledge and skills in the composition of the committees.

#### **Independent Directors:**

- i. Level of preparedness for the meetings of the Board and Committees.
- ii. Willingness to devote time and effort to understand the Company and its business.
- iii. Quality and value of their contributions at Board and Committees meetings.
- iv. Contribution of their knowledge and experience to the development of strategy of the Company.
- v. Effectiveness and pro-activeness in recording and following up their areas of concern.
- vi. Relationship with fellow board members, key managerial personnel and senior management.
- vii. Knowledge and understanding of current industry and market conditions.
- viii. Attendance at the meetings of the Board and Committees of which the Independent Director is a member.

#### **Whole-time Director(s):**

- i. Contribution of the Whole-time Director in achieving the Business Plan of the Company.
- ii. Contribution of Whole-time Director in the development of new business ideas or verticals.
- iii. Contribution of Whole-time Director towards the topline and/or bottom line of the Company where such contribution is capable of measurement.
- iv. Contribution of Whole-time Director in implementing the strategy set by the Board of Directors of the Company.
- v. Knowledge and understanding of current industry and market conditions.
- vi. Contribution of Whole-time Director in identifying, understanding and mitigating the risks faced by the Company.
- vii. Contribution of Whole-time Director in identifying and exploiting new business opportunities for the Company.
- viii. Level of preparedness for the meetings of the Board and Committees.
- ix. Attendance at the meetings of the Board and Committees of which such Whole-time Director is a member.

#### **Policy relating to the Remuneration of Directors, Key Managerial Personnel and Senior Management:**

##### **A. Remuneration Criteria:**

The guiding principle while determining the level and composition of remuneration is the competitiveness required to attract, retain and motivate competent personnel. While deciding the remuneration of Directors, Key Managerial Personnel and Senior Management, the following factors shall be taken into consideration:

- a. availability of talented, skilled and experienced professionals
- b. industry standards
- c. profitability of the Company and growth prospects

## B. Payment of Remuneration:

- i. The Committee shall recommend the payment of remuneration (including any revision thereof) to the Directors of the Company including the Independent Directors which shall be subject to the approval of the Board of Directors. It shall also be approved by the shareholders of the Company and / or Central Government, wherever required.
- ii. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be determined by the Company in accordance with the prevailing HR Policy of the Company.

## C. Remuneration of Whole-time Directors, Key Managerial Personnel and Senior Management:

### Basic Salary:

Each Whole-time Director, Key Managerial Personnel and Senior Management personnel shall be paid a monthly remuneration. The monthly remuneration of Whole-time Director as recommended by the Committee shall be approved by the Board of Directors and also by the shareholders of the Company, if required.

### Accommodation or House Rent Allowance:

Each Whole-time Director shall be provided with rent-free furnished accommodation or up to a specified % of the basic salary as House Rent Allowance in lieu of accommodation. Key Managerial Personnel and Senior Management personnel shall be provided with a specified % of the basic salary as House Rent Allowance.

### Performance Incentives:

Each Whole-time Director shall be eligible for performance incentives which shall not exceed a specified % of profits of the Company.

Key Managerial Personnel and Senior Management personnel shall be eligible for performance incentives as per the prevailing Human Resource policy of the Company in this regard. The incentive is linked to the performance of the Company in general and their individual performance is measured against specific Key Result Areas, which are aligned with the Company's objectives.

## Perquisites and Other Allowances:

Each Whole-time Director, Key Managerial Personnel and Senior Management personnel shall be entitled to such perquisites, allowances, benefits, facilities and amenities as per the Human Resource policy of the Company in force or as may be approved by the Board from time to time.

## D. Remuneration of Independent Directors:

**Commission:** Each Independent Director shall be paid remuneration by way of Commission as recommended by the Committee which shall be approved by the Board of Directors. Such Commission shall be within the overall limits approved by the shareholders of the Company.

**Sitting Fees:** The Independent Director may receive remuneration by way of fees for attending the meetings of Board or Committee thereof as may be decided by the Board of Directors from time to time.

## E. Limits on Remuneration:

- i. The overall remuneration paid by the Company to the Directors including Independent Directors shall not exceed 11% of the net profits of the Company for that financial year.
- ii. The remuneration paid by the Company to all its whole-time directors shall not exceed 10% of the net profits of the Company for that financial year.
- iii. The remuneration paid by the Company to its Independent Directors (excluding sitting fees) shall not exceed 1% of the net profits of the Company for that financial year.
- iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013. If the remuneration payable exceeds the limits laid down in Schedule V, then the Company shall obtain the previous approval of the Central Government.
- v. Revision of existing remuneration may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.



# Annexure C

## Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. Brief Outline of CSR Policy

The Board of Directors upon the recommendation of the Corporate Social Responsibility Committee have identified the following areas listed in Schedule VII of the Companies Act, 2013 for carrying out its CSR activities:

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic

development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. rural development projects;
- xi. Slum Area Development;
- xii. Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time.

The Projects / Programmes may be undertaken by an Implementation Agency or the Company directly provided that such projects / programmes are in line with the activities enumerated in Schedule VII of the Companies Act, 2013.

The detailed Corporate Social Responsibility Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

### 2. Composition of CSR Committee for the year ended 31<sup>st</sup> March, 2017

The Corporate Social Responsibility (CSR) Committee comprises of the following members:

- i. Mr. Anup Shah (Independent Director) - Chairman
- ii. Mr. J C Sharma (Vice Chairman and Managing Director) – Member
- iii. Mr. P Ramakrishnan (Deputy Managing Director) - Member

### 3. Average Net Profits

The average profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 2881.85 million.

### 4. Prescribed CSR Expenditure

The prescribed CSR expenditure was ₹ 57.64 million, i.e. 2% of the average net profits mentioned in Point 3 above.

## 5. Details of CSR Spend

- (a) Total amount spent during the financial year 2016-17: ₹ 150.42 million
- (b) Amount unspent, if any: Not Applicable
- (c) Manner in which the amount was spent during the financial year is detailed below:

SI No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local Area or Other (2) Specify the State and District where Projects/Programme undertaken	Amount Outlay (Budget) project / programmes wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency*
1	Rural Development	<p>i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation</p> <p>ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects</p> <p>iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups</p>	<p>1. Local</p> <p>2. Kerala-Vadakkenchery and Kizhakkenchery Panchayats in the district of Palakkad, Kerala</p>	₹ 161.00 million	₹ 150.42 million	₹ 150.42 million	Implementation Agency*

\*Sri Kurumba Educational and Charitable Trust is a public charitable trust and has an established track record as prescribed under the Companies Act, 2013 in undertaking similar projects and programs.

## 6. Responsibility Statement

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

**For Sobha Limited**

**Place: Bangalore**

**Anup Shah**

**J C Sharma**

**Date: May 16, 2017**

**Chairman, CSR Committee**

**Vice Chairman & Managing Director**

## Annexure D

### Corporate Governance Compliance Certificate

To the Members of  
Sobha Limited,  
“Sobha”, Sarjapur-Marathahalli,  
Outer Ring Road, Devarabisanahalli,  
Bellandur Post,  
Bengaluru – 560 103.

I have examined all the records of Sobha Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2017. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the company has complied with all the mandatory requirements of Corporate Governance as stipulated in Schedule II of the said SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has complied with items C, D and E.



Nagendra D. Rao  
Practising Company Secretary  
543/A, 7th Main,  
3rd Cross, S.L.Byrappa Road,  
Hanumanthanagar,  
Bengaluru – 560 019.  
Membership No.: FCS - 5553  
Certificate of Practice: 7731

Place: Bengaluru  
Date: May 16, 2017.

# Annexure E

## Form No. MGT-9

### Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rules 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

<b>CIN</b>	L45201KA1995PLC018475
<b>Registration Date</b>	August 07, 1995
<b>Name of the Company</b>	Sobha Limited
<b>Category of the Company</b>	Company limited by shares
<b>Sub-Category of the Company</b>	Indian Non-Government Company
<b>Address of the Registered office and contact details</b>	'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 Tel: 080 4932 0000 Email: <a href="mailto:investors@sobha.com">investors@sobha.com</a>
<b>Whether listed company</b>	Yes. Listed on National Stock Exchange of India Limited and BSE Limited
<b>Name, Address and Contact Details of Registrar and Transfer Agent, if any</b>	Link Intime India Private Limited C 101, 247 Park LBS Marg, Vikhroli (West) Mumbai - 400 083 Tel: +91 22 2594 6970 Fax: +91 22 2594 6969 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sl No.	Name and Description of Main Products/Services	NIC Code of Product / Service	% to Total Turnover of the Company
1.	Development and construction of properties	410 - Construction of buildings	100



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

SI No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% Share Held	Applicable Section
1	Sobha Developers (Pune) Limited  'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U45202KA2007PLC041761	Subsidiary	100	Section 2(87)
2	Sobha Assets Private Limited  'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC063003	Subsidiary	100	Section 2(87)
3	Sobha Tambaram Developers Limited  Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited  Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45201TN2007PLC063187	Subsidiary	100	Section 2(87)
5	Sobha Highrise Ventures Private Limited  'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC064148	Subsidiary	100	Section 2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i) Category-wise shareholding:

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A 1 Indian Promoters</b>	-	-	-	-	-	-	-
(a) Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b) Central Government/ State Government(s)	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks / Financial Institutions	-	-	-	-	-	-	-
(e) Any Others(Specify)	-	-	-	-	-	-	-
(e) (i) Relative of Promoter	45,000	-	45,000	45,000	-	45,000	0.00
<b>Sub Total(A)(1)</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>0.00</b>
<b>A 2 Foreign Promoters</b>	-	-	-	-	-	-	-
(a) NRIs – Individuals	-	-	-	-	-	-	-
(b) Other - Individuals	59,364,300	-	59,364,300	57,964,300	-	57,964,300	(0.35)
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks/ Financial Institutions	-	-	-	-	-	-	-
(e) Any Others(Specify)	-	-	-	-	-	-	-
<b>Sub Total(A)(2)</b>	<b>59,364,300</b>	<b>-</b>	<b>59,364,300</b>	<b>57,964,300</b>	<b>-</b>	<b>57,964,300</b>	<b>(0.35)</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>59,409,300</b>	<b>-</b>	<b>59,409,300</b>	<b>58,009,300</b>	<b>-</b>	<b>58,009,300</b>	<b>(0.35)</b>
<b>(B) Public shareholding</b>	-	-	-	-	-	-	-
<b>1 Institutions</b>	-	-	-	-	-	-	-
(a) Mutual Funds	4,502,235	-	4,502,235	6,673,016	-	6,673,016	2.34
(b) Banks/ Financial Institutions	549,671	-	549,671	564,264	-	564,264	0.03
(c) Central Government	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	53,272	-	53,272	53,272	-	53,272	0.00

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(g) Foreign Institutional Investors	79,64,236	-	7,964,236				(8.12)
(h) Foreign Venture Capital Funds							
(i) Any Other (specify)							
(i) (i) Foreign Portfolio Investors (Corporate)	20,840,702	-	20,840,702	26,949,216	-	26,949,216	6.73
<b>Sub-Total (B)(1)</b>	<b>33,910,116</b>	<b>-</b>	<b>33,910,116</b>	<b>34,239,768</b>	<b>-</b>	<b>34,239,768</b>	<b>0.98</b>
<b>2 Non-institutions</b>							
(a) Bodies Corporate							
i. Indian	789,840	20	789,860	792,393	-	792,393	(0.01)
ii. Overseas	11	-	11	11	-	11	0.00
(b) Individuals							
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2,450,257	113	2,450,370	2,302,124	63	2,302,187	(0.11)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	310,444	-	310,444	262,648	-	262,648	(0.05)
(c) Any Other (specify)							
i Independent Directors	20,635	-	20,635	20,635	-	20,635	0.00
ii Clearing Member	680,637	-	680,637	197,923	-	197,923	(0.48)
iii Trusts	1,699	-	1,699	179	-	179	0.00
iv Non Resident Indians (Repatriable)	255,881	-	255,881	223,802	0.26	223,802	(0.03)
v Non Resident Indians (Non-Repatriable)	43,458	-	43,458	50,733	-	50,733	0.01
vi Office Bearers	117,467	45	117,512	117,278	45	117,323	0.00
vii Hindu Undivided Family (HUF)	73,945	-	73,945	87,774	-	87,774	0.01
<b>Sub-Total (B)(2)</b>	<b>4,744,274</b>	<b>178</b>	<b>4,744,452</b>	<b>4,055,500</b>	<b>108</b>	<b>4,055,608</b>	<b>(0.66)</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>38,654,390</b>	<b>178</b>	<b>38,654,568</b>	<b>38,295,268</b>	<b>108</b>	<b>38,295,376</b>	<b>0.34</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>98,063,690</b>	<b>178</b>	<b>98,063,868</b>	<b>96,304,568</b>	<b>108</b>	<b>96,304,676</b>	<b>-</b>

## ii) Shareholding of Promoters:

Sl No.	Shareholder's Name	Shareholding at the Beginning of the year			Shareholding at the End of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Sobha Menon	41,348,421	42.16	10.91	40,346,551	41.89	0.73	(0.27)
2	Mr. P N C Menon	12,488,522	12.74	0.00	12,223,903	12.69	10.38	(0.05)
3	Mr. P N C Menon jointly with Sobha Menon	5,494,407	5.60	0.00	5,360,896	5.57	0.00	(0.03)
4	Mr. P N Haridas*	45,000	0.05	0.00	45,000	0.05	0.00	-
5	Mr. Ravi PNC Menon*	32,950	0.03	0.00	32,950	0.03	0.00	-
<b>Total</b>		<b>59,409,300</b>	<b>60.58</b>	<b>10.91</b>	<b>58,009,300</b>	<b>60.23</b>	<b>11.11</b>	<b>-</b>

\*Members of 'Promoter Group' as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

## iii) Change in Promoters shareholding:

Promoters have participated in the buyback scheme of the Company and have tendered 1,400,000 Equity Shares. Consequently, their holding in the Company stands reduced to 60.23 as compared to 60.58 in the Financial Year 2015 – 16.



**iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and holders of GDRS and ADRS):**

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	Platinum Asia Fund	6,774,552	7.03	1-Apr-2016				
		6,774,552	7.03	31-Mar-2017				
2	Nordea 1 Sicav - Emerging Stars Equity Fund	5,111,191	5.31	1-Apr-2016				
				08-Apr-2016	568,999	Market Purchase	5,680,190	5.90
				12-Aug-2016	(40,192)	Market Sale	5,639,998	5.86
				19-Aug-2016	(79,075)	-do-	5,560,923	5.77
				26-Aug-2016	(142,584)	-do-	5,418,339	5.63
				02-Sep-2016	(107,981)	-do-	5,310,358	5.51
				09-Sep-2016	(268,155)	-do-	5,024,203	5.22
				14-Oct-2016	(6,461)	-do-	5,017,742	5.21
				21-Oct-2016	(241,860)	-do-	4,775,882	4.96
				28-Oct-2016	(123,809)	-do-	4,652,073	4.83
				04-Nov-2016	(94,885)	-do-	4,557,188	4.73
				11-Nov-2016	(110,757)	-do-	4,446,431	4.62
				18-Nov-2016	(15,396)	-do-	4,431,035	4.60
				02-Dec-2016	(283,139)	-do-	4,147,896	4.31
				06-Jan-2017	154,460	Market Purchase	4,302,356	4.47
				24-Feb-2017	14,294	-do-	4,316,650	4.48
				03-Mar-2017	87,311	-do-	4,403,961	4.57
3	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund  Franklin India Smaller Companies Fund  Franklin Templeton Mutual Fund A/C Franklin India Opportunities Fund	1,474,909	1.53	1-Apr-2016				
				28-Oct-2016	200,000	Market Purchase	1,674,909	1.74
		1,674,909	1.74	31-Mar-2017				
		1,223,470	1.27	1-Apr-2016				
				21-Oct-2016	200,000	Market Purchase	1,423,470	1.48
				28-Oct-2016	250,000	-do-	1,673,470	1.74
		244,955	0.25	1-Apr-2016				
				31-Mar-2017				
		244,955	0.25					
4	ICICI Prudential Balanced Advantage Fund	1,458,355	1.51	1-Apr-2016				
				16-Sep-2016	953,414	Market Purchase	2,411,769	2.50
				23-Sep-2016	74,875	-do-	2,486,644	2.58
				30-Sep-2016	50,145	-do-	2,536,789	2.63
				06-Jan-2017	12,893	-do-	2,549,682	2.65
		2,549,682	2.65	31-Mar-2017				
5	Schroder International Selection Fund Emerging Asia	1,672,398	1.74	1-Apr-2016				
				17-Feb-2017	17,545	Market Purchase	1,689,943	1.75
				24-Feb-2017	13,920	-do-	1,703,863	1.77
				10-Mar-2017	(14,808)	Market Sale	1,689,055	1.75
				17-Mar-2017	(146,221)	-do-	1,542,834	1.60
				24-Mar-2017	(45,460)	-do-	1,497,374	1.55
		1,497,374	1.55	31-Mar-2017				
6	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES	-	-	1-Apr-2016				
				25-Nov-2016	370,803	Market Purchase	370,803	0.39
				02-Dec-2016	321,183	-do-	691,986	0.72
				06-Jan-2017	3,266	-do-	695,252	0.72
				13-Jan-2017	260,774	-do-	956,026	0.99
				17-Mar-2017	75,132	-do-	1,031,158	1.07
				24-Mar-2017	170,661	-do-	1,201,819	1.25
		1,201,819	1.25	31-Mar-2017				

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
7	College Retirement Equities Fund – Stock Account	1,361,074	1.41	1-Apr-2016				
				15-Jul-2016	(31,576)	Market Sale	1,329,498	1.38
				16-Sep-2016	(24,026)	-do-	1,305,472	1.36
				23-Sep-2016	(221,904)	-do-	1,083,568	1.13
				30-Sep-2016	(89,196)	-do-	994,372	1.03
				03-Feb-2017	30,000	Market Purchase	1,024,372	1.06
				10-Feb-2017	150,000	-do-	1,174,372	1.22
				17-Feb-2017	100,000	-do-	1,274,372	1.32
				24-Mar-2017	(94,038)	Market Sale	1,180,334	1.23
				31-Mar-2017	(13,287)	-do-	1,003,456	1.04
		1,003,456	1.04	31-Mar-2017				
	College Retirement Equities Fund – Global Equities Account	322,832	0.33	1-Apr-2016				
				15-Jul-2016	(7,489)	Market sale	315,343	0.33
				24-Mar-2017	(77,158)	-do-	238,185	0.25
				31-Mar-2017	(143,254)	-do-	94,931	0.10
		94,931	0.10	31-Mar-2017				
8	ICG Q Limited	530,000	0.55	1-Apr-2016				
				15-Jul-2016	56,546	Market Purchase	586,546	0.61
				28-Aug-2016	133,856	-do-	720,402	0.75
				02-Sep-2016	122,598	-do-	843,000	0.88
				09-Sep-2016	18,000	-do-	861,000	0.89
				16-Sep-2016	953	-do-	861,953	0.90
				07-Oct-2016	22,047	-do-	884,000	0.92
				25-Nov-2016	16,000	-do-	900,000	0.93
		900,000	0.93	31-Mar-2017				
9	Dimensional Emerging Markets Value Fund	825,795	0.84	1-Apr-2016				
				22-Apr-2016	10,640	Market Purchase	836,435	0.87
				15-Jul-2016	(16,885)	Market Sale	819,550	0.85
				16-Sep-2016	3,150	Market Purchase	822,700	0.85
				16-Dec-2016	3,184	-do-	825,884	0.86
		825,884	0.86	31-Mar-2017				
10	Invesco Perpetual Global Smaller Companies Fund	-	-	1-Apr-2016				
				9-Sep-2016	726,670	Market Purchase	726,670	0.75
				30-Sep-2016	12,777	-do-	739,447	0.77
				04-Nov-2016	16,885	-do-	756,332	0.79
				02-Dec-2016	62,542	-do-	818,874	0.85
		818,874	0.85	31-Mar-2017				
	Citibank International PLC as depository for Invesco Perpetual Global Smaller Companies fund	726,670	0.75	01-Apr-2016				
				09-Sep-2016	(726,670)	Market Sale	726,670	0.75
		-	-	31-Mar-2017				

## v) Shareholding of Directors and Key Managerial Personnel:

Sl No	For each of the Directors and KMP	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reasons for change	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	Mr. Ravi PNC Menon, Chairman	32,950	0.03	01/04/2016	No Change	Not Applicable	32,950	0.03
		32,950	0.03	31/03/2017				
2	Mr. J C Sharma Vice Chairman and Managing Director	90,015	0.09	01/04/2016	No Change	Not Applicable	90,015	0.09
		90,015	0.09	31/03/2017				
3	Mr. P Ramakrishnan Deputy Managing Director	-	-	01/04/2016	Not Applicable	Not Applicable	-	-
		-	-	31/03/2017				
4	Mr. M Damodaran Non-Executive Independent Director*	-	-	01/04/2016	Not Applicable	Not Applicable	-	-
		-	-	12/09/2016				
5	Dr. S K Gupta # Non-Executive Independent Director	1,335	0.00	01/04/2016	No change	Not Applicable	1,335	0.00
		1,335	0.00	31/03/2017				
6	Mr. R V S Rao Non-Executive Independent Director	15,000	0.01	01/04/2016	No Change	Not Applicable	15,000	0.01
		15,000	0.01	31/03/2017				
7	Mr. Anup Shah # Non-Executive Independent Director	4,300	0.00	01/04/2016	No Change	Not Applicable	4,300	0.00
		4,300	0.00	31/03/2017				
8	Dr. Punita Kumar-Sinha Non-Executive Independent Director	-	-	01/04/2016	Not Applicable	Not Applicable	-	-
		-	-	31/03/2017				
9	Mr. Subhash Mohan Bhat Chief Financial Officer	130	0.00	01/04/2016	No Change	Not Applicable	130	0.00
		130	0.00	31/03/2017				
10	Mr. Kishore Kayarat Company Secretary and Compliance Officer**	-	-	01/04/2016	Not Applicable	Not Applicable	-	-
		-	-	10/09/2016				
11	Mr. Vighneshwar G Bhat Company Secretary and Compliance officer	-	-	10/09/2016	Not Applicable	Not Applicable	-	-
		-	-	31/03/2017				

# Shareholding less than 0.01%

\* Resigned effective September 12, 2016

\*\* Resigned effective September 10, 2016

## V) INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in million

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	19,693	2,019	-	21,711
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	229	16	-	245
<b>Total (i + ii + iii)</b>	<b>19,922</b>	<b>2,034</b>	<b>-</b>	<b>21,956</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	13,562	750	-	14,312
• Reduction	12,145	1,915	-	14,059
<b>Net Change</b>	<b>1,417</b>	<b>(1,165)</b>	<b>-</b>	<b>253</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	21,109	854	-	21,963
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	206	4	-	210
<b>Total (i + ii + iii)</b>	<b>21,315</b>	<b>858</b>	<b>-</b>	<b>22,173</b>

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-Time Directors and / or Manager:

₹ in million

SI No	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Mr. Ravi PNC Menon	Mr. J C Sharma	Mr. P Ramakrishnan	
<b>1.</b>	<b>Gross salary</b>				
(a)	Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	45.14	10.33	9.53	<b>65.00</b>
(b)	Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.65	0.04	0.04	<b>1.73</b>
(c)	Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
<b>2.</b>	<b>Stock Option</b>	-	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-	-
<b>4.</b>	<b>Commission</b>				
•	as % of Profit	33.80	33.80	-	<b>67.60</b>
•	Others	-	-	-	-
<b>5.</b>	<b>Others – Contribution to Provident Fund</b>	3.38	0.02	0.02	<b>3.42</b>
	<b>Total (A)</b>	<b>83.97</b>	<b>44.19</b>	<b>9.59</b>	<b>137.75</b>
	<b>Ceiling as per the Act</b>	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			



## B. Remuneration to other Directors:

₹ in million

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M Damodaran	Dr. S K Gupta	Mr. R V S Rao	Mr. Anup Shah	Dr. Punita Kumar-Sinha	
<b>1.</b>	<b>Independent Directors</b>						
	• Fee for attending Board / Committee Meetings	0.03	0.17	0.13	0.17	0.10	0.60
	• Commission	1.50	1.50	1.50	1.50	1.50	7.50
	• Others	-	-	-	-	-	-
<b>Total (1)</b>		<b>1.53</b>	<b>1.67</b>	<b>1.63</b>	<b>1.67</b>	<b>1.60</b>	<b>8.10</b>
<b>2.</b>	<b>Other Non – Executive Directors</b>						
	• Fee for attending Board / Committee Meetings	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-
	• Others	-	-	-	-	-	-
<b>Total (2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B)=(1+2)</b>		<b>1.53</b>	<b>1.67</b>	<b>1.63</b>	<b>1.67</b>	<b>1.60</b>	<b>8.10</b>
<b>Total Managerial Remuneration*</b>							<b>145.85</b>
<b>Overall Ceiling as per the Act</b>							Overall Managerial Remuneration: 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013. Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

\*Total Managerial Remuneration = Total (A) + Total (B)

## C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

₹ in million

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Subhash Mohan Bhat Chief Financial Officer	Mr. Kishore Kayarat Company Secretary and Compliance Officer	Mr. Vighneshwar G Bhat Company Secretary and Compliance Officer	
<b>1.</b>	<b>Gross salary</b>				
(a)	Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	10.11	1.83	1.77	<b>13.71</b>
(b)	Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
<b>2.</b>	<b>Stock Option</b>	-	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-	-
<b>4.</b>	<b>Commission</b>				
	• As % of Profit	-	-	-	-
	• Others (Specify)	-	-	-	-
<b>5.</b>	<b>Others – Contribution to Provident Fund</b>	0.02	0.01	0.01	<b>0.04</b>
<b>Total</b>		<b>10.13</b>	<b>1.84</b>	<b>1.78</b>	<b>13.75</b>

## VII) PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. Other Officers in Default</b>					
Penalty					
Punishment			None		
Compounding					

# Annexure F

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Pursuant to section 134 of the Act and Rule 8(3) of the Companies (Accounts) Rules, 2014)

### A. Conservation of Energy

#### i. Steps taken or impact on conservation of energy

The Company has adopted the following energy conservation measures:

- a. Use of LED' lamps in most of the common area lighting of residential projects & reduction in the use of CFL, fluorescent tubes & metal halide lamps.
- b. Use of energy efficient control gears, ballast VFDs highly efficient motors and PV cells.
- c. Use of external street light fixtures with timers.
- d. Use of lighting software in the design stage of our projects.
- e. Use of daylight sensors and occupancy sensors with dimmable ballasts.
- f. Use of low self power loss breakers.
- g. Following standard specifications like colour codes, independent neutral and earthing for each circuit to curb energy leakage.
- h. Use of low- loss electronic ballast.
- i. Optimization of DG set rating by using synchronization panels.
- j. Introduction of auto-correction power factor capacitor panels and harmonic filters.
- k. The use of separate energy meters for major common area loads so that power consumption can be monitored and efforts can be made to minimise the same.
- l. Use of energy efficient lifts with group control in residential projects.

#### ii. Steps taken by the Company for utilizing alternative sources of energy

- a. Grid connected roof top solar power generation for partial common area load by utilizing terrace space in residential projects.
- b. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption.

#### iii. Capital investment on energy conservation equipments

The Company continues to make project level investments for reduction in consumption of energy and capital investment on energy conservation equipment cannot be quantified.

### B. Technology Absorption

#### i. Efforts made towards technology absorption

The Company uses German tools, waterproofing techniques and follows European standards in all its construction activities. SOBHA uses both indigenous and imported technologies for implementation at all its projects. The Company has taken the following initiatives in the area of technology:

1. Introduction of laser plummets for accurate marking.
2. Introduction of "Scaff board" for safety of workforce who work at heights.
3. Software for BBS to generate fast and accurate bar bending schedules.
4. "Grab & Trolley" for block shifting.
5. "Debris Crusher" for crushing & recycling the debris generated at the site.
6. Instead of cast - insitu coping for the terrace parapet and compound walls, precast methodology has been introduced and implemented.
7. Adoption of power feeders for spindle machine instead of manual feeding.

The Company derives benefits in the form of cost reduction and better quality of the

end products. The above initiations and implementations have been made after continuous market research - trial and testing for quality, durability and compatibility in consideration of cost and time for developing new systems and better technologies at par with international standards.

## ii. Expenditure incurred on Research and Development

The Company had carried out R&D in the following areas:

1. 'Ready Mixed Concrete Batching Plant Audit' for Vendor Evaluation.
2. Materials testing & validation of the construction materials used on site to check their quality, durability, and compatibility.
3. Pile Integrity Test for qualitative evaluation of the physical dimensions (cross sectional variation), soundness or defects of the piles concrete with respect to its continuity.
4. Introduction of 'Lightweight Deflectometer' for measuring the deflection modulus of sub grade/ sub soils and unbound base layers.
5. Introduction of 'Block Testing Plates' for testing blocks at sites.
6. Introduction of 'Lift Well' gate for fall protection into the lift pits or shafts.
7. Introduction of 'Laser Plummet' for maintaining verticality of columns and buildings.
8. Raised floor system in terraces to prevent direct heat transmission from the roof slab and to protect water resistance treatment of roofs for longer duration.
9. Introduction of tile round cutting using mini drilling machine and tile holesaw cutter to get a perfect round finish.
10. Wooden / Bamboo textured glass reinforced concrete cladding panels which is lightweight when compared to conventional concrete.
11. Physical measurement technique tools software to measure and analyze elevator ride quality, vibration & sound.
12. Epoxy flooring applied to concrete for protection, aesthetic enhancement, strong adhesion, long lasting, rustproof, waterproof, heat resistant, salt and acid resistance.
13. Introduction of Switched Mode Power Supply (SMPS) in place of Anti Collision Device, helps in lower power fluctuations and consequently reduced breakdowns.
14. Construction of a multisport hall which can house a number of sports without the requirement of specific hall for specific sport, thereby conserving the common area.

### Benefits derived as a result of the above R&D

The benefits derived from the above ensure that the final product delivered by the Company conforms to international standards.

### Future plan of action

The success of R&D initiatives in the construction industry primarily depends on the selection of the right method of construction, type of machines and kind of materials. It also depends on integrating the planning and training process within the Company and it has to be understood as an ongoing process.

### Expenditure on R&D

The R & D activity of the Company forms part of project implementation and cannot be quantified.

### C. Foreign Exchange Earnings and Outgo

Total expenditure in foreign exchange	₹ 42.67 million
Total income in foreign exchange	Nil

# Annexure G

## Remuneration Details of Directors and Employees

(Pursuant to section 134 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

- i. Ratio of remuneration of each director to the median remuneration of the employees and percentage increase in remuneration

SI No.	Name of Director / KMP	Designation	Ratio of Remuneration to Median Remuneration <sup>1</sup>	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	236.5	1.2	The revenues increased by 14.10%, the Profit before Tax decreased by 2.66% and Profit after Tax have increased by 12.65% on a standalone basis.  On a consolidated basis, the revenues were increased by 14.76%, the Profit before Tax by 0.34% and Profit after Tax by 16.68% as compared to the previous financial year 2015-16.
2	Mr. J C Sharma	Vice Chairman & Managing Director	124.5	2.2	
3	Mr. P Ramakrishnan	Deputy Managing Director	27	14.6	
4	Mr. M Damodaran	Independent Director	4.2	No Change	Not Applicable
5	Dr. S K Gupta	Independent Director	4.2	No Change	
6	Mr. R V S Rao	Independent Director	4.2	No Change	
7	Dr. Punita Kumar-Sinha	Independent Director	4.2	No Change	
8	Mr. Anup Shah	Independent Director	4.2	No Change	
9	Mr. Subhash Mohan Bhat <sup>1</sup>	Chief Financial Officer	28.5	26.3%	The revenues increased by 14.10%, the Profit before Tax decreased by 2.66% and Profit after Tax have increased by 12.65% on a standalone basis.  On a consolidated basis, the revenues were increased by 14.76%, the Profit before Tax by 0.34% and Profit after Tax by 16.68% as compared to the previous financial year 2015-16.
10	Mr. Vighneshwar G Bhat <sup>2</sup>	Company Secretary & Compliance Officer	5	0%	
11	Mr. Kishore Kayarat <sup>3</sup>	Company Secretary & Compliance Officer	5.2	(33.7)	

1. The median remuneration of employees during the financial year was ₹ 365,796 (Rupees Three Lakhs Sixty Five Thousand Seven Hundred and Ninety Six only)



2. % increase in remuneration is not provided as Mr. Vighneshwar G Bhat was appointed as a Company Secretary and Compliance Officer with effect from September 10, 2016 and was not in employment of the Company for entire financial year 2016-17.
  3. Mr. Kishore Kayarat has resigned from the post of Company Secretary & Compliance Officer effective September 10, 2016 and was not in employment for the entire Financial Year 2016-17.
- ii. The percentage increase in the median remuneration of employees in the financial year 2016-17 was 0.26%.
  - iii. The number of permanent employees on the rolls of Company as on March 31, 2017 was 2,698.
  - iv. Average percentile increase in the salaries of employees other than the managerial personnel during 2016-17 was 0.26%. The increase in managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.
  - v. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

**Statement pursuant to Section 134 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

Sl. No.	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
<b>(A) Employed throughout the financial year</b>									
1	Mr. Ravi PNC Menon	36	Chairman	Permanent Employee	81,087,384	B.Sc.E	13	08.06.2004	-
2	Mr. J.C. Sharma	59	Vice Chairman and Managing Director	Permanent Employee	41,313,227	B.Com (Hons), ACA, ACS	35	01.06.2001	Grasim Industries Limited
3	Mr. Varghese P V	54	Chief Executive Officer	Permanent Employee	12,244,099	B.Sc, B.Tech	27	01.04.2006	Sobha Glazing and Metal works Private Limited
4	Mr. Bhuvan Bhushan	38	Senior Vice President	Permanent Employee	10,380,569	MBA, PGDM, BA	15	09.03.2015	RNA Corp Mumbai
<b>(B) Employed for part of the financial year</b>									
None									
<b>(C) Employed for whole or part of the financial year</b>									
None									

**Notes**

- Gross Remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
- An employee would be qualified to be included in Category (A) or (B) on the following basis:

For (A) if the aggregate remuneration drawn by him during the year was not less than ₹ 10,200,000 per annum.

For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹ 850,000 per month.

For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.

- None of the employees mentioned above are relatives of any Director of the Company.

- All the employees referred above are / were in full-time employment of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

# Annexure H

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number : L45201KA1995PLC018475
2. Name of the Company : Sobha Limited
3. Registered Address : SOBHA, Sarjapur – Marathahalli Outer Ring Road (ORR),  
Devarabisanahalli, Bellandur Post, Bangalore – 560 103
4. Website : www.sobha.com
5. Email ID : investors@sobha.com
6. Financial Year Reported : 2016-17
7. Sector that the Company is engaged in: The Company is engaged in the business of construction, development, sale, management and operation of townships, housing projects, commercial premises and other related activities.
8. List Key Products / services that the company manufactures / provides:
  1. Construction of Residential Projects
  2. Construction of Commercial Projects
  3. Execution of Contractual Projects
9. Total Number of locations where business activity is undertaken by the Company:
  - i. Number of International Locations : Nil
  - ii. Number of National Locations: The Company is headquartered in Bangalore having its regional offices at NCR, Chennai, Thrissur, Pune, Coimbatore, Cochin, Calicut and Mysore
  - iii. Markets Served by the Company: The Company is in the business of Construction of Residential Projects, Construction of Commercial Projects and Execution of Contractual Projects in the territory of India

### SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid Up Capital : ₹ 963,046,760
2. Total Turnover : ₹ 22,273,23 million (On a standalone basis)
3. Total profit after taxes : ₹ 1,402.14 million (On a standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax: 10.73% of profit after tax (₹ 150.42 million)
5. List of activities in which expenditure in 4 above has been incurred :
  - Providing Education and Vocational Training
  - Providing Healthcare Facilities
  - Looking after the Aged and the Impoverished
  - Social empowerment measures

## SECTION C: OTHER DETAILS

Sr. No.	Particulars	Remarks
1.	Does the Company have any Subsidiary Company / Companies?	Yes, the Company has 5 subsidiaries.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, all the subsidiaries support to the BR Initiatives of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No other entities participate in the BR initiatives of the Company.

## SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN	:	01191608
Name	:	Mr. J C Sharma
Designation	:	Vice Chairman and Managing Director

#### b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN	01191608
2.	Name	Mr. J C Sharma
3.	Designation	Vice Chairman and Managing Director
4.	Telephone Number	080 – 4932 0000
5.	E-mail ID	mdsoffice@sobha.com

### 2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y/N)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. All the policies are being formulated in consultation with the relevant stakeholders. As per the Statutory Requirement, mandatory policies are made available to the public through the website of the Company.								
3.	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	All the policies are framed in line with the statutory requirements and hence they adheres to the national standards.								
4.	Has the policy being approved by Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Wherever necessary, the policies are placed before the Board and requisite approvals obtained.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.sobha.com/investor-relations-investor-updates.php">http://www.sobha.com/investor-relations-investor-updates.php</a>								

Sr. No.	Questions	Remarks
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable to the stakeholders. The policies are also loaded on the website of the Company for easy access.
8.	Does the company have in-house structure to implement the policy/policies.	Yes
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, all stakeholders grievances may be addressed to <a href="mailto:investors@sobha.com">investors@sobha.com</a>
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The policies are reviewed by the Board from time to time. Further, the policies and their compliance are also reviewed internally and whenever necessary, by external agencies periodically.

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

Not applicable

3. Governance related to BR

Sr. No.	Particulars	Remarks
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board and the Committee assess the performance on a quarterly basis i.e every 3 months.  Further, in line with the requirements of the Companies Act, 2013, the Board has constituted the CSR Committee which formulate the CSR Policy, and also approves CSR expenditure. The Committee ensure that expenditure is made for the right cause.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has published its Sustainability Report. This is the first ever Business Responsibility Report published by the Company as the same is applicable for the year ended 31st March, 2017. The Sustainability report can be accessed from the website of the Company thru <a href="http://www.sobha.com/sustainability-reports.php">http://www.sobha.com/sustainability-reports.php</a>



## SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Sr. No.	Particulars	Remarks
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.  Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	Yes. The Company has a Code of Conduct to address ethics, bribery and corruption related matters. The code is applicable to all internal and external stakeholders. The code may be accessed from the website. <a href="http://www.sobha.com/pdfs/code-of-conduct.pdf">http://www.sobha.com/pdfs/code-of-conduct.pdf</a> . In addition, the Company has a vigil mechanism which monitors the ethical behavior of the stakeholders and also alert the top management of the Company to tap the gaps if any, in the system.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has a dedicated mail id to which the stakeholders may address their queries/complaints. The Secretarial Department caters to the needs of the investors. A summary of the complaints received and resolved during the year is provided in a separate section of the Corporate Governance Report attached to the Directors Report. As at the end of the financial year there were no queries pending which needed to be addressed.

Principle 2:

Sr. No.	Particulars	Remarks
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Given the nature of our business, the Company could consider three “products” viz. (i) Residential units developed by the Company for sale (ii) Completed buildings which are leased (iii) Projects done on a contractual basis.  The Company designs “products” in a way that it complies with the mandatorily required standard under the requisite laws.  Further, being a backward integrated Company, it also manufacture supporting materials and the facilities are compliant with all the applicable laws. The Company and its contractors make all possible efforts to provide a healthy and safe working environment to workers at construction sites.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):  i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?  ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Since the products are built in multiple quantities, the details are not quantified unit-wise. Hence, these details are not available.

Sr. No.	Particulars	Remarks
3.	Does the company have procedures in place for sustainable sourcing (including transportation)?  If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes. The Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to perform and are in compliance with the Company's Code of Conduct which includes health & safety, environment, ethics & integrity and working conditions among others. As a guiding principle, the Company prefers to do business with compliant and sustainable suppliers. The detailed percentage is not quantifiable. Further details are provided in the Sustainability Report, which can be accessed through <a href="http://www.sobha.com/sustainability-reports.php">http://www.sobha.com/sustainability-reports.php</a>
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes. The Company gives preference to local suppliers while developing its projects. With support, the vendors are exposed to best practices of Sobha and deploys the same in their processes. In order to meet stringent quality requisites of Sobha, the vendors constantly upgrade their quality and processes which will enhance their competencies in the market.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.	A separate section on this is provided in the Management Report attached to the Directors Report. Additional details can also be obtained from the web-link <a href="http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf">http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf</a>

Principle 3:

Sr. No.	Particulars	Remarks
1	Please indicate the Total number of employees.	At the end of the FY 2016-17, the Company employed 2,698 individuals.
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	21 employees were hired on contract basis.
3.	Please indicate the Number of permanent women employees.	305 permanent women employees were in the Company.
4.	Please indicate the Number of permanent employees with disabilities	Three employees.
5.	Do you have an employee association that is recognized by management?	No
6.	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company doesn't employ child labour, forced labour or involuntary labour. There was no complaint on Sexual Harassment filed during the financial year 2016-17.
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	• Permanent Employees	57.82%
	• Permanent Women Employees	65.25%
	• Casual/Temporary/Contractual Employees	Nil
	• Employees with Disabilities	Nil

## Principle 4:

Sr. No.	Particulars	Remarks
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes, The Company has mapped its internal and external stakeholders. The key stakeholders of the Company includes its Customers, Regulatory Authorities including the Government, Employees, Vendors, Contractors, Bankers, Investors and Shareholders.
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	All the stakeholders are equally Important for the Company and none of the stakeholders are considered as disadvantaged, vulnerable and marginalized.
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Not Applicable

## Principle 5:

Sr. No.	Particulars	Remarks
1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers / Contractors /NGOs/Others?	The Company does not have a specific policy on human rights. However, the Company has a Code of Conduct which regulate practices relating to non-employment of child labour, assuring safety measures etc. These codes are applicable to the Company and its subsidiaries and to the contractors engaged by the Company.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints were received by the Company on human rights violation.

## Principle 6:

Sr. No.	Particulars	Remarks
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/others.	The Company has its own set of principles when it comes to utilising natural and manmade resources. The same principles are being extended to Group Companies .
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes. The Company has strategies / initiatives to address global environmental issues. The details may be accessed through <a href="http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf">http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf</a> , <a href="http://www.sobha.com/sustainability-reports.php">http://www.sobha.com/sustainability-reports.php</a>
3.	Does the company identify and assess potential environmental risks? Y/N	Yes. The Company does identify and assess potential environmental risks and takes step as far as possible to minimise them.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes. The Sustainability Report addresses the Clean Development Mechanism.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes. The policy may be accessed form the website. i.e. <a href="http://www.sobha.com/sustainability-reports.php">http://www.sobha.com/sustainability-reports.php</a>
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	There were no show cause / legal notices received which were materially important and are pending to be resolves at the end of the financial year.

## Principle 7:

Sr. No.	Particulars	Remarks
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	Yes. The Company is a member of CREDAI Bangalore, a forum of Real Estate Developers.
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes. The Company does work for advancement of public good along with the industry colleagues.  Such work mainly involves creating framework for sustainable Business development for urban area and inclusive development in this industry.

## Principle 8:

Sr. No.	Particulars	Remarks
1.	Does the company have specified programmes /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. Such details are provided in CSR Report attached to the Directors Report and also a section in the Management Report.
2.	Are the programmes /projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	The programmes are carried out by the Sri Kurumba Educational and Charitable Trust, a Trust associated with the Company.
3.	Have you done any impact assessment of your initiative?	The expenditure made on CSR activities and the impact of such expenditure are periodically monitored by the CSR Committee of the Board.
4.	What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.	The Company spent ₹ 150.42 million towards its CSR Initiatives during the year 2016-17.  Details of the projects undertaken are as under: <ul style="list-style-type: none"> <li>i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation</li> <li>ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects</li> <li>iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. For further details, please refer to the Annual Report on CSR and the CSR Report in the Management Report.</li> </ul>
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. For further details, please refer to the CSR Report, which forms part of the Management Report.

Principal 9:

Sr. No.	Particulars	Remarks
1.	What No. of customer complaints/consumer cases were pending as on the end of financial year.	13 consumer cases were pending as on the end of the financial year 2016-17.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	Yes.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes



# CORPORATE GOVERNANCE REPORT

## Company Philosophy

The Company is committed to high standards of corporate governance and believes in compliance with the laws and regulations applicable to the Company in their true spirit. The Company provides in time, correct and complete information as required to all its stakeholders. The Company is constantly interacting with all the stakeholders; its borders are expanding, its environment is changing ever faster and its social responsibilities are growing. The Company firmly believes that good Corporate Governance can be achieved by maintaining transparency in its transactions and by creating robust policies and practices for key processes. To achieve Corporate Governance to the utmost standards, the Company has adopted a comprehensive Corporate Governance policy.

SOBHA is in compliance with the Corporate Governance guidelines as stipulated under the Corporate Governance policy and various clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). A report on this is detailed below.

## Board of Directors

The Board, as defined in the Corporate Governance Principles of Sobha Limited, has the responsibility to ensure congruence between shareholders' expectations, the Company's plans and the management's performance. The Board is also responsible in developing and approving the mission

of the Company's business, its objectives and goals and the strategy for achieving them.

The Company meets the requirements of Listing Regulations in terms of the composition of its Board. The strength of the Board as on 31<sup>st</sup> March, 2017 was seven Directors. The Board is headed by the Executive Chairman and comprises of eminent personalities with expertise in diverse fields. As on the date of this report there are six Directors on the Board. Out of these, one Director represents the promoter group, one is a professional Director and four are Non-Executive, Independent Directors. The Company does not have any nominee Director.

None of the Directors are related to each other. The composition of the Board of Directors satisfies the requirements of Regulation 17 of the Listing Regulations.

As per the declarations received by the Company, none of the Directors are disqualified under Section 164(2) of Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Directors have made necessary disclosures stating that they do not hold directorships in more than seven listed companies pursuant to Regulation 25 of the Listing Regulations. Also membership to committees (Audit Committee and the Stakeholders' Relationship Committee) shall not exceed 10 Committees and / or are acting as Chairman in more than five committees in terms of Regulation 26 of the Listing Regulations.

The composition of the Board of Directors as on March 31, 2017 is as follows:

Name	Designation   Category		Date of Appointment	Director-ships*	Committee Chairman -ships**	Committee Member -ships**
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	14	-	1
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	15	-	2
Mr. P Ramakrishnan\$	Deputy Managing Director	Executive	January 29, 2010	3	-	-
Dr. S K Gupta	Independent Director	Non-Executive	June 28, 2006	2	1	2
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	6	2	-
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	4	-	1
Dr. Punita Kumar - Sinha	Independent Director	Non-Executive	October 06, 2014	13	1	-

\* Includes directorship in both public (listed and unlisted) and private limited companies.

\*\*Includes Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee of listed companies.

\$ Mr. P. Ramakrishnan resigned effective 7<sup>th</sup> April, 2017.

## Board Meetings

The Board has the responsibility to monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances. Board Meetings are scheduled as required under the Listing Regulations and the Companies Act, 2013 and the Rules made thereunder. At every regularly scheduled meeting, the Board reviews recent developments if any, the regulatory compliance position and the proposals for business growth that impact the Company's strategy.

The Board Meetings are usually held at the Company's Registered and Corporate Office in Bangalore.

The Company, as required by the regulations, convened at least one Board Meeting in a quarter and the maximum time gap between any two meetings was not more than 120 days.

The dates of the Board Meetings held during financial year 2016-17 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 19, 2016	8	7
August 03, 2016	8	6
September 10, 2016	8	7
November 21, 2016	7	7
February 08, 2017	7	7

The details of attendance of the Directors at the Board Meetings and the previous Annual General Meeting are as follows:

Director	Board Meetings/Annual General Meeting					
	May 19, 2016	August 03, 2016	September 10, 2016	November 21, 2016	February 08, 2017	Annual General Meeting August 3, 2016
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓	✓
Mr. P Ramakrishnan	✓	✓	✓	✓	✓	✓
Mr. M Damodaran	✓	x	x	NA	NA	x
Dr. S K Gupta	✓	x	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓	✓
Mr. Anup Shah	x	✓	✓	✓	✓	✓
Dr. Punita Kumar-Sinha	✓	✓	✓	✓	✓	✓

## Agenda for the Meetings and Information furnished to the Board

The agenda for the meetings is arranged by the Company Secretary in consultation with the Chairman and Vice Chairman & Managing Director. The agenda along with detailed notes and necessary supporting documents are circulated to the Directors within the timelines prescribed by the regulations. The Company provides a separate window for meetings of the Independent Directors and also facilitates independent consultations with the Statutory Auditors and Internal Auditors of the Company. The Company also has a well-defined process in place for placing vital and sufficient information before the Board.

All items mentioned under Regulation 17(7) read with Part A of Schedule II to the Listing Regulations are covered to the fullest extent. Extensive information and presentations are made to the Board on the following matters amongst others:

### Information placed before the Board

- Minutes of the meetings of the Board and Management committees
- Annual operating plans and budgets and any updates

- Operational performance of the Company, comparison of budget versus actuals
- Financial analysis of the performance with a ratio analysis
- Quarterly Unaudited and Annual Audited Financial Results of the Company
- Cash flows with focus on financial obligations, timelines for payment of credit facilities and interest
- Financial statements and minutes of subsidiary companies
- Joint ventures, collaborations and acquisitions undertaken by the Company
- Transactions that involve substantial payments towards goodwill, brand equity or intellectual property
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of the Chief Financial Officer and the Company Secretary
- Show cause, demand, persecution notices and penalty notices which are materially important
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services
- Sale of investments, subsidiaries and assets which are material in nature and not in the normal course of business
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that may have negative implications on the Company
- Significant labour problems and their proposed solutions. Any significant development on the human resources / industrial relations front like signing of wage agreements, implementation of Voluntary Retirement Scheme etc.
- Presentations covering Sales, Delivery, Finance, Compliance and Risk Management practices
- Safety performance of the Company including a report on serious and fatal accidents
- Material litigations by and against the Company
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company
- Report on the corporate Social Responsibility activities of the Company
- Key regulatory updates and their impact on the Company
- Minutes of the meetings of the Board of Directors of Subsidiaries
- Such other information as may be required by law or otherwise to be placed before the Board

### Compliances related to Board/Committee Meetings

The Company is in compliance with the provisions of the Listing Regulations pertaining to the intimation of notice of Board Meetings, publication of notice and results, outcome of the meeting etc. The information is also made available to investors on the Company's website, [www.sobha.com](http://www.sobha.com)

### Appointment and Re-appointment of Directors

During the year under review, Mr. M Damodaran, Independent Director resigned from the Board effective 12<sup>th</sup> September, 2016. Mr. Ramakrishnan P., Deputy Managing Director resigned effective 7<sup>th</sup> April, 2017. However, the current overall composition of the Board constitutes the requisition of the Listing Regulations.

In terms of Section 152 of the Companies Act, 2013, not less than two-third of the total number of Directors of a public company shall be liable to retire by rotation and one-third of such Directors shall retire every year. Further, Independent Directors shall not be liable to retire by rotation.

Mr. J C Sharma, Vice Chairman & Managing Director of the Company is liable to retire by rotation at the

ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board has recommended the re-appointment of Mr. J C Sharma, Vice Chairman & Managing Director retiring by rotation.

The brief profile of the Director being re-appointed is contained in the Notice convening the Annual General Meeting.

### Resolutions passed by circulation

During 2016-17, the Board passed two circular resolutions:

1. To take note of the resignation of Mr. M Damodaran, Independent Director.
2. Re-constitution of the Audit Committee consequent to the resignation of Mr. M Damodaran.

### Directors Compensation

The Board of Directors in consultation with the Nomination, Remuneration and Governance Committee is responsible for the appointment and re-appointment of Directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The remuneration for the Board of Directors is approved by the shareholders and disclosed separately in the Notes to Accounts. During the year under review, the Company had three Executive/Whole-time Directors. Remuneration to Whole-time Director(s) consists of fixed salary and / or performance incentive/ commission on the consolidated profits earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending Board Meetings or Committee Meetings.

### Shareholding of Directors

The shareholding of the Directors of the Company as on 31<sup>st</sup> March, 2017 is as follows:

Name of the Director	Category	No. of Equity Shares	%
Mr. Ravi PNC Menon	Executive / Whole-time Director	32,950	<b>0.034</b>
Mr. J C Sharma	Executive / Whole-time Director	90,015	<b>0.093</b>
Mr. P Ramakrishnan	Executive / Whole-time Director	-	-
Mr. S K Gupta	Non- Executive Independent Director	1,335	<b>0.001</b>
Mr. R V S Rao	Non- Executive Independent Director	15,000	<b>0.015</b>
Mr. Anup Shah	Non- Executive Independent Director	4,300	<b>0.004</b>
Dr. Punitha Kumar-Sinha	Non- Executive Independent Director	-	-
<b>Total</b>		<b>143,600</b>	<b>0.147</b>

### Independent Directors Compensation

The Company has an eminent pool of Independent Directors who with their expertise and varied experience contribute to the development of strategies for the Company. The Independent Directors meet the criteria defined under the Companies Act, 2013 and the Listing Regulations. A confirmation of Independence has been obtained from each of the Independent Directors of the Company.

Apart from receiving the Director's remuneration/ sitting fees, Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its management or its subsidiaries and associate companies except to the extent permitted under the applicable laws, which in the opinion of the Board may affect their independence of judgement.

Pursuant to Section 197 of the Companies Act, 2013, a Director who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration subject to approval by the shareholders. The members of the Company at the Nineteenth Annual General Meeting held on July 11, 2014, had approved the payment of remuneration to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2014.

The Directors excluding Executive Directors, who attend Board Meetings are entitled to a sitting fees of ₹ 20,000 per meeting. Non-Executive Directors who are members of the various committees of the Board are entitled to sitting fees of ₹ 10,000 per meeting which they attend.

## Committees of the Board of Directors

As required under the Companies Act, 2013 and Listing Regulations and to cater to specific matters, the Board of Directors has constituted various committees. These committees are entrusted with such powers and functions as detailed in their terms of reference.

The Board of Directors of the Company constituted the following committees in terms of the provisions of Companies Act, 2013 and Listing Regulations:

### Committees as mandated under Companies Act, 2013 and Listing Regulations

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination Remuneration and Governance Committee
4. Corporate Social Responsibility Committee

### Other Committees

1. Share Transfer Committee
2. Risk Management Committee

### Audit Committee

The Audit Committee supports the Board by overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with legal and regulatory requirements. It ensures the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

As required under Section 177 of Companies Act, 2013, the Audit Committee should comprise of at least three Directors with Independent Directors forming the majority. As per Regulation 18 of Listing Regulations, the Committee should comprise of at least three members of which at least two-third should be Independent Directors. As on 31<sup>st</sup> March, 2017 the Audit Committee of the Company had four members out of which, three were Independent Directors.

The powers, role and terms of reference of the Committee are in consonance with the requirements under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

### Terms of Reference

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of the major accounting entries based on exercise of judgement by the management and review of significant adjustments arising out of the audit.

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review of qualifications in the draft Audit Report and suggesting action points.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any areas of concern.
- Establishing the scope and frequency of the internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- Reviewing and monitoring the auditors' independence and performance and effectiveness of the audit process.
- To look into reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.
- Appointment, remuneration and terms of appointment of statutory and internal auditors

and approval of payment to Statutory Auditors for any other services rendered by them.

- Compliance with stock exchange legal requirements concerning financial statements to the extent applicable.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the officer heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- The Committee shall look into any related party transactions, i.e., transactions of the Company of a material nature, with promoters or management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large, including approval or any subsequent modification of such transactions.
- Scrutiny of inter-corporate loans and investments.
- Valuation of the undertakings or assets of the Company, wherever necessary.
- Evaluation of internal financial controls and risk management systems.
- Review the functioning of the vigil mechanism.
- Monitoring the end use of funds raised through public offers and related matters.

- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

### **Powers of the Audit Committee**

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice
- Secure attendance of outsiders with relevant expertise, if it is considered necessary

### **Review of information by the Audit Committee**

- Management discussions and analysis of the financial condition and results of operations
- Financial statements and draft Audit Reports, including quarterly / half-yearly financial information
- Reports relating to compliance with laws and to risk management
- Records of related party transactions and statements of significant related party transactions submitted by the management
- Management letters / letters of internal control weaknesses issued by statutory / Internal Auditors
- Internal Audit Reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the head of the internal audit function
- Statement of deviations:
  - Quarterly statements of deviations including the report of the monitoring agency, if applicable, submitted to the stock exchange in terms of Regulation 32(1) of the Listing Regulations



- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

As required under Regulation 18 of the Listing Regulations, the Chairman of the Audit Committee is an Independent Director. All members are financially literate and have financial management expertise. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

## Meetings

The quorum of the Committee is two Independent Members present or one third of the total members of the Committee, whichever is higher.

The Audit Committee met four times during the financial year 2016-17. There was no gap of more than 120 days between two meetings. The dates of the meetings held during financial year 2016-17 are:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 19, 2016	5	4
September 10, 2016	5	4
November 21, 2016	4*	4
February 08, 2017	4	4

\* Mr. M Damodar, Member of the Committee resigned effective 12<sup>th</sup> September, 2016.

The composition and attendance of the members of the Audit Committee are as follows:

			Audit Committee Meetings			
			May	September	November	February
Name		Category	19, 2016	10, 2016	21, 2016	08, 2017
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. M Damodaran	Member	Non-Executive Independent	✓	×	NA	NA
Dr. S K Gupta	Member	Non-Executive Independent	✓	✓	✓	✓
Mr. Anup Shah	Member	Non-Executive Independent	×	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

## Invitees

The Chairman of the Board, Deputy Managing Director, Chief Financial Officer, Head of the Internal Audit and the Statutory Auditors attended all the Audit Committee Meetings held during the financial year 2016-17 in the capacity of invitees.

## Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board of Directors deals with stakeholder relations and share/debenture holders' grievances including matters related to non-receipt of the annual report, non-receipt of declared dividend and such other issues as may be raised by them from time to time. It ensures that investor grievances / complaints / queries are redressed in a timely manner and to the satisfaction of the investors. The Committee oversees the performance of the Registrar and Share Transfer Agents of the Company relating to investor services.

In accordance with Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013, the Committee comprise of three Directors. The Chairman of the Committee, Dr. S. K Gupta, is a Non-Executive Independent Director. Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

The terms of reference of the Committee are in consonance with the requirements mandated under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

### Terms of Reference

- Stakeholder relations and redressal of security holders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of annual report, etc. in particular.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such a Committee.

### Meetings

The quorum for the Committee is any two members present at the meeting.

The Stakeholders' Relationship Committee met four times during the financial year 2016-17:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 19, 2016	3	3
September 10, 2016	3	3
November 21, 2016	3	3
February 08, 2017	3	3

The composition and attendance of the members of the Stakeholders' Relationship Committee are:

			Stakeholders Relationship Committee Meetings			
			May	September	November	February
Name		Category	19, 2016	10, 2016	21, 2016	08, 2017
Dr. S.K. Gupta	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

### Investor Grievances and Queries

The queries received and resolved to the satisfaction of investors during the year are:

Particulars	Balance as on 01.04.2016	Received during the year	Resolved during the year	Balance as on 31.03.2017
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	2	2	-
Non-Receipt / Revalidation of Dividend Warrants	28	49	77	-
Miscellaneous*	-	78	78	-
<b>Total</b>	<b>28</b>	<b>129</b>	<b>157</b>	<b>-</b>

\* Miscellaneous includes requests for a copy of the annual report, request for transport facility to attend Annual General Meeting, queries on e-voting etc.

### Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of Directors and Senior Management personnel of the Company and carries out an evaluation of the performance of Individual Directors, recommends the remuneration policy for Directors, key managerial personnel and other employees and also deals with the governance related matters of the Company.

## Terms of Reference

- To identify, review, assess, recommend and lead the process for appointments of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and Board Committees and make recommendations to the Board or, where appropriate, the relevant committee with regard to any adjustments that are deemed necessary.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and Board Committees and the contribution of each Director to the Company. The Committee shall also seek the views of Executive Directors on the performance of Non-Executive Directors.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- To devise a policy on Board diversity.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- To make recommendations to the Board on the following matters:
  - Re-appointment of any Executive and Non-Executive Director at the conclusion of the specified term of office.
  - Re-election by members of any Director who is liable to retire by rotation as per the Company's Articles of Association.
  - Any matters relating to the continuation in office of any Director at any time.
- To formulate a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To define and articulate the Company's overall corporate governance structures and to develop and recommend to the Board of Directors the Board's Corporate Governance Guidelines.
- To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such a Committee.

## Meetings

The quorum for the meeting shall be any two members present at the meeting.

The Nomination, Remuneration and Governance Committee met once during the financial year 2016-17.

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 9, 2016	4	4

The composition and attendance of the members of the Nomination, Remuneration and Governance Committee are as follows:

		<b>Nomination, Remuneration and Governance Committee Meetings</b>	
<b>Name</b>	<b>Category</b>	<b>May 09, 2016</b>	
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. R V S Rao	Member	Non-Executive Independent	✓
Dr. S K Gupta	Member	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓

As required under Regulation 19 of the Listing Regulations, the Chairman of the Committee is an Independent Director. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

The Nomination and Remuneration Policy contains the criteria for evaluation of the Board, its committees and the Directors. The policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php> and also forms part of the Directors' Report.

The following are the details of remunerations paid/payable to the Directors for financial year 2016-17:

(in ₹)

<b>Name</b>	<b>Salary</b>	<b>Perquisites</b>	<b>Contribution to Provident Fund</b>	<b>Commission / Incentive</b>	<b>Sitting Fees</b>	<b>Total</b>
Mr. Ravi PNC Menon	45,139,784	1,649,523	3,375,000	33,800,000	-	83,964,307
Mr. J C Sharma	10,328,950	39,600	21,600	33,800,000	-	44,190,150
Mr. P Ramakrishnan	9,529,625	39,600	21,600	-	-	9,590,825
Mr. M Damodaran	-	-	-	1,500,000	30,000	1,530,000
Dr. S K Gupta	-	-	-	1,500,000	170,000	1,670,000
Mr. R V S Rao	-	-	-	1,500,000	130,000	1,630,000
Mr. Anup Shah	-	-	-	1,500,000	170,000	1,670,000
Dr. Punita Kumar-Sinha	-	-	-	1,500,000	100,000	1,600,000
<b>Total</b>	<b>64,998,359</b>	<b>1,728,723</b>	<b>3,418,200</b>	<b>75,100,000</b>	<b>600,000</b>	<b>145,845,282</b>

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility Policy of the Company. The Corporate Social Responsibility Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>

The role and terms of reference of the Committee are as per the requirements mandated under Section 135 of the Companies Act, 2013 and relevant Rules made thereunder.

### Terms of Reference

- Formulation of the Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.
- Recommend the amount of expenditure to be incurred on the aforesaid activities.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Prepare an annual report on Corporate Social Responsibility initiatives for inclusion in the Board's Report.
- Perform such functions as may be detailed in the Companies Act, 2013 and the relevant Rules made thereunder and any other applicable legislations.

## Meetings

The quorum for the meeting shall be any two members present at the meeting. The Committee met four times during the financial year 2016-17.

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 09, 2016	3	3
September 10, 2016	3	3
November 21, 2016	3	3
February 08, 2017	3	3

The composition and attendance of the members of the Corporate Social Responsibility Committee during the year are as follows:

			Corporate Social Responsibility Committee Meetings			
			May	September	November	February
Name		Category	09, 2016	10, 2016	21, 2016	08, 2017
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. P Ramakrishnan	Member	Deputy Managing Director	✓	✓	✓	✓

The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

## Other Committees

### Share Transfer Committee

The Share Transfer Committee of the Board of Directors specifically addresses matters relating to transfers, splits, consolidation, dematerialisation and re-materialisation of shares.

### Terms of Reference

- To look into requests for transfer and transmission of shares.
- To look into requests for the re-materialisation of shares.
- To issue duplicate share certificates in lieu of original share certificates.
- To issue a Split Share Certificate as requested by a member.
- To take all such steps as may be necessary in connection with the transfer, transmission, splitting and issue of duplicate share certificates in lieu of original share certificates.

## Meetings

The quorum for the meeting shall be two members present at the meeting.

No requests pertaining to transfer, dematerialisation, rematerialisation, issue of duplicate or split share certificates etc. were received during the financial year 2016-17.

The Share Transfer Committee was not required to meet during the year.

## Risk Management Committee

The Risk Management Committee of the Board of Directors is entrusted with the responsibility of establishing policies to monitor and evaluate the risk management systems of the Company.

## Terms of Reference

- Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
- Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems to manage the Company's material business risks.
- Receive reports from, review with, and provide feedback to the management on the categories of risk the Company faces including but not limited to credit, market, liquidity and operational risks, the exposures in each category, significant concentrations within these risk categories, the metrics used to monitor the exposures and the management's views on the acceptable and appropriate levels of those risk exposures.
- Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimising risks that may adversely affect the business of the Company.
- Oversee and monitor the management's documentation of the material risks that the Company faces and update as events change and risks shift.
- Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.
- In consultation with the Audit Committee, review and discuss with the management:
  - i. the key guidelines and policies governing the Company's significant processes for risk assessment and risk management; and
  - ii. the Company's major risk exposures and the steps that the management has taken to monitor and control such exposures.
- Report the proceedings of the Committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference.
- Recommend to the Board or the Audit Committee of the Board as it deems appropriate on any area within its terms of reference where an action or improvement is needed.
- Review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## Meetings

The quorum for the meeting shall be any two members present at the meeting. The Committee met once during the financial year 2016-17:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 09, 2016	3	3

The composition and attendance of the members of the Risk Management Committee are as follows:

Name	Category	Date of the Meeting May 09, 2016
Mr. Anup Shah	Chairman	Non-Executive Independent ✓
Mr. Ravi PNC Menon	Member	Executive Chairman ✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director ✓

The Company Secretary and Compliance Officer of the Company acted as the secretary to the Committee.



## Disclosures

### Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors has formulated a Policy on Related Party Transactions which can be accessed from the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>. The disclosure of related party transactions is part of the Notes to Accounts section of the Annual Report.

During the year under review, there were no materially significant related party transactions which may have potential conflict with the interests of the Company at large.

### Subsidiary Monitoring Framework

The Company has the following five subsidiaries in terms of the Companies Act, 2013.

- Sobha Developers (Pune) Limited
- Sobha Highrise Ventures Private Limited
- Sobha Assets Private Limited
- Sobha Tambaram Developers Limited
- Sobha Nandambakkam Developers Limited

### Code of Conduct

In terms of Regulation 17 of the Listing Regulations, the Company has adopted a Code of Conduct for the Board of Directors and senior management personnel of the Company. The code is circulated to all the Directors and senior management personnel and compliance of the same is affirmed by them for the year 2016-17. The code of conduct adopted by the Company has been posted on the website of the Company.

In terms of Regulation 16 of the Listing Regulations, the Board of Directors has formulated a policy for determining material subsidiaries and the policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>

None of the aforesaid subsidiaries is a material non-listed Indian subsidiary as defined under the Listing Regulations and Material Subsidiary Policy of the Company.

The Company monitors the performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.
- Review of annual business plan and budgets.
- Review of budget versus actuals and an analysis of the variance.
- All the minutes of Board Meetings of the subsidiaries are placed before the Company's Board regularly.
- A statement of all significant transactions and arrangements entered into by the subsidiaries.

#### Confirmation of the Code of Conduct by Vice Chairman & Managing Director

This is to confirm that the Company has adopted a Code of Conduct for its Board members and senior management personnel and the same is available on the Company's website.

I confirm that the Company has, in respect of the financial year ended March 31, 2017, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.



Place: Bangalore  
Date: May 16, 2017

J C Sharma  
Vice Chairman & Managing Director

## Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to the Promoters, Directors, Key Managerial Personnel and Designated Persons. The code is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>

## Vigil Mechanism

A comprehensive vigil mechanism to ensure ethical behaviour in all its business activities and a system for employees to report any illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Chief Vigilance Officer and the Audit Committee of the Board of Directors is in place in the Company. The mechanism insulates adequately whistle blowers against victimisation or discriminatory practices.

All such reports are taken up for consideration at appropriate intervals depending upon the gravity of the matter reported so that adequate measures can be initiated in right earnest at the appropriate levels. The Company further confirms that no personnel have been denied access to the Audit Committee.

## Familiarisation Programmes

The familiarisation programmes for Independent Directors are bifurcated into:

### I. Initial or Preliminary

During the appointment of Independent Directors, they are apprised of their roles, duties and responsibilities in the Company. A detailed letter containing the expectations of the Company, the rights, powers, responsibilities and liabilities of the Independent Directors and the policies of the Company are issued to the Independent Directors during their appointment. The Independent Directors are required to adhere to these.

## II. Continual or On-going

Updates on the affairs of the Company including operational and financial details are provided to the Independent Directors on a quarterly basis. Further, immediate update on significant issues, if any, is provided to all the Directors immediately upon occurrence of such an event. Periodical presentations are made to the Independent Directors on the strategy and business plan. The Independent Directors are also regularly informed about material regulatory and statutory updates affecting the Company.

The details of familiarisation programmes imparted to the Independent Directors are disclosed on the website of the Company at <http://www.sobha.com/investor-relations-downloads-ms.php>

## Compliances

There was no instance of non-compliance of any legal requirements on any matter relating to the capital market nor was there any restriction imposed by any stock exchange or SEBI during the last three years.

The Company has complied with the applicable provisions of the Regulations, Acts, Rules, Notifications and Circulars related to stock exchanges / SEBI / other statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the stock exchanges / SEBI / any other statutory authorities relating to the above.

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report titled *Management Report* forms part of the Annual Report. It includes among others, a discussion on the following matters:

- Industry structure and developments
- Risks and concerns
- Discussion on financial performance with respect to operational performance
- Outlook
- Human resources

## Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31<sup>st</sup> March, 2017 issued by Mr. Nagendra D Rao, Practicing Company Secretary in terms of the Listing Regulations is annexed to the Directors' Report and forms part of the Annual Report.

### Secretarial Audit Report

The Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2017 issued by Mr. Nagendra D Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms part of the Annual Report.

### CEO / CFO Certificate

The Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification in terms of the Listing Regulations forms part of the Annual Report.

### Remuneration to Statutory Auditors

The details of the fees paid to the Statutory Auditors of the Company during the financial year 2016-17 are as follows:

	(₹ in million)
Audit fees [includes fees for limited reviews]	10.90
Other services	0.50
Out of pocket expenses	0.80
<b>Total</b>	<b>12.20</b>

### Compliance of Non-Mandatory Requirements

Part E of Schedule II of the Listing Regulations contains certain non-mandatory requirements that a company may implement at its discretion. However, disclosures on compliance with mandatory requirements and adoption (and compliance) / non-

adoption of the non-mandatory requirements shall be made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements is as follows:

#### A. The Board

The details required to be provided in respect of Non-Executive Chairman are not applicable as the Chairman of the Board is the Executive Chairman.

#### B. Shareholders Rights

The half-yearly declaration of financial performance together with the summary of significant events in the last six months is not individually provided to the shareholders. However, the information on financial and business performance are provided in the 'Investors' section of the Company's website, [www.sobha.com](http://www.sobha.com), on a quarterly basis.

#### C. Modified opinion(s) in the Audit Report

The audited financial statements of the Company for the financial year 2016-17 do not contain any qualifications and the Statutory Auditors Report/ Secretarial Audit Report does not contain any adverse remarks. The Audit Reports are unmodified reports.

#### D. Separate posts of Chairman and CEO

The Company has appointed separate persons to the post of Chairman and Vice Chairman & Managing Director.

#### E. Reporting by the Internal Auditor

The Internal Auditor reports to the Audit Committee of the Board of Directors of the Company. The Audit Committee is empowered to hold separate meetings and discussions with the Internal Auditor.

## Company Information

### Annual General Meeting

The details of Annual General Meetings convened during the last three years are as follows:

Financial Year	Date and Time	Venue	Special Resolutions
2015-2016	August 03, 2016 at 4.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	i) Appointment of Mr. Ravi PNC Menon as whole time Director designated as Chairman of the Company. ii) Issue of Non-Convertible Debentures on a Private Placement Basis.
2014-2015	July 15, 2015 at 3.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	i) Issue of Non-Convertible Debentures on a Private Placement Basis.
2013-2014	July 11, 2014 at 10.00 AM	Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037.	i) Revision of remuneration of Mr. Ravi PNC Menon, Whole-time Director of the Company designated as Chairman. ii) Re-appointment of Mr. Jagdish Chandra Sharma as Vice Chairman and Managing Director. iii) Re-appointment of Mr. Ramakrishnan Prabhakaran as Deputy Managing Director. iv) Change of name of the Company from Sobha Developers Limited to Sobha Limited. v) Power of Board of Directors of the Company to Borrow Funds. vi) Issue of Non-Convertible Debentures on a Private Placement Basis.

### Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years 2014-15, 2015-16 and 2016-17.

### Postal Ballot

No ordinary or special resolutions were passed through postal ballot during the year. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing an ordinary or special resolution through postal ballot.

## Means of Communication

Website	<p>Appropriate information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website <a href="http://www.sobha.com">www.sobha.com</a></p> <p>The 'Investors' section provides up-to-date information to shareholders on matters such as shareholding pattern, outcome of Board and General Meetings, stock performance, unclaimed equity shares, unclaimed dividend, investor presentations etc.</p>
Financial Results	The quarterly, half-yearly and annual financial results are published in English language ( <i>Business Standard</i> or <i>Businessline</i> or <i>Financial Express</i> ) and regional language ( <i>Samyuktha Karnataka</i> or <i>Vijaya Karnataka</i> ) newspapers.
NEAPS	Stock exchange intimations are electronically submitted to NSE through the NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are electronically submitted to BSE through the BSE Listing Centre.
Annual Report	The Chairman's Message, Directors' Report, Management Discussion and Analysis Report and the Corporate Governance Report form part of the Company's Annual Report and are available on the website of the Company.
Investor Servicing	The contact details of investors' queries are given elsewhere in this report. The Company has a designated e-mail ID <a href="mailto:investors@sobha.com">investors@sobha.com</a> for investor servicing.
Stakeholder Satisfaction Survey	An online survey is available on the website of the Company for addressing the grievances of the stakeholders and for their feedback on the efficacy of investor services.

## Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 2.50 per equity share of ₹ 10 which is subject to the approval of the members in the ensuing Annual General Meeting.

In terms of Section 123 of the Companies Act, 2013, the dividend amount will be deposited in a separate bank account within 5 days from the date of the Annual General Meeting and will be paid to the shareholders within the prescribed time.

## Dividend History

The dividends declared by the Company for the previous seven years are as follows:

Financial Year	Rate of Dividend (%)	Dividend per Equity share of ₹ 10 each Share
2009-10	25.00	2.50
2010-11	30.00	3.00
2011-12	50.00	5.00
2012-13	70.00	7.00
2013-14	70.00	7.00
2014-15	70.00	7.00
2015-16*	20.00	2.00

\*A buy-back of 1,759,192 equity shares @ 330 per share amounting to ₹ 58.05 crore was carried out during the financial year 2016-17.

## Other Information

Listing and Custodial Fees	The Company has paid annual listing and custodial fees for the financial year 2017-18 to BSE Limited, the National Stock Exchange of India Limited, NSDL and CDSL.
Listing on Stock Exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and on BSE Limited (BSE). The non-convertible debentures of the Company are listed on BSE.
Reconciliation of Share Capital Audit	In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by Mr. Natesh K, Practicing Company Secretary to reconcile the total admitted capital with the National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and physically with the shareholders and the total issued and listed capital. The report is forwarded to the stock exchanges within the prescribed timeline, where the shares of the Company are listed.
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and Their Impact on Equity	As on March 31, 2017, the Company did not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
Plant Location of Divisions	<p><b>Interiors Division:</b></p> <ul style="list-style-type: none"> <li>Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106</li> <li>Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan – 301 019</li> </ul> <p><b>Glazing Division:</b></p> <ul style="list-style-type: none"> <li>Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106</li> <li>Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602 105</li> <li>Plot No. 127, Sector-56, HSIIDC, Kundli Industrial Area, District Sonapat, Haryana</li> </ul> <p><b>Concrete Products Division:</b></p> <ul style="list-style-type: none"> <li>Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105</li> <li>Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122 017</li> <li>Survey No: 828 / 829 / 832, Pune - Ahmednagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208</li> </ul>



## Stock Code details

Particulars	International Securities Identification Number	National Stock Exchange of India Limited	BSE Limited
Stock Code	INE671H01015	SOBHA	532784

The Bloomberg code for the Company is SOBHA: IN. The Reuters code is SOBH.NS (NSE) and SOBH.BO (BSE)

## Stock Price Data

	National Stock Exchange of India Limited (NSE)				BSE Limited (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No	₹	₹	₹	No
April-16	468.60	379.55	411.99	3,087,005	467.90	379.55	412.39	410,211
May-16	315.40	286.05	299.83	2,535,922	323.60	287.70	299.90	284,977
June-16	329.50	297.00	310.92	2,046,988	329.70	297.05	310.79	231,225
July-16	346.50	318.40	327.70	1,281,347	346.00	311.50	327.51	186,502
August-16	335.95	284.00	303.84	1,054,282	335.20	285.00	303.72	102,928
September-16	309.35	282.45	293.26	2,544,401	309.50	282.20	293.26	565,496
October-16	320.75	278.00	294.88	1,900,614	321.00	279.00	295.31	123,355
November-16	283.90	216.05	251.86	2,387,765	282.00	224.05	252.19	142,205
December-16	268.95	242.20	250.63	874,175	269.60	242.20	250.62	61,242
January-17	272.00	246.35	260.80	903,410	271.40	247.10	260.41	65,355
February-17	296.80	258.25	281.86	1,698,851	297.05	258.20	281.32	473,607
March-17	382.10	289.25	330.55	8,657,918	388.00	291.10	330.91	1,189,341

The share price performance of the Company vis-à-vis the broad based indices during the financial year 2016-17 forms part of the Annual Report.

## Shareholding Pattern

### Distribution of Shareholding as on March 31, 2017

Range of Equity Shares held	No. of Shareholders	%	Number of Shares	%
1 – 500	50,947	98.1222	1,739,854	1.8066
501 – 1000	488	0.9399	372,349	0.3866
1001 – 2000	206	0.3967	301,362	0.3129
2001 – 3000	56	0.1079	142,218	0.1477
3001 – 4000	26	0.0501	88,526	0.0919
4001 – 5000	27	0.0520	125,199	0.1300
5001 – 10000	42	0.0809	304,532	0.3162
10001 and above	130	0.2504	93,230,636	96.8080
<b>Total</b>	<b>51,922</b>	<b>100.0000</b>	<b>96,304,676</b>	<b>100.0000</b>

The shareholding pattern of the Company and details of the top 10 shareholders as on March 31, 2017 are detailed in the Annexure to the Directors' Report.

## Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue/ buyback Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1995	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006 <sup>*</sup>	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006 <sup>**</sup>	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006 <sup>***</sup>	8,896,825	10	640	Cash	8,014,705 Equity Shares were allotted to the public and 882,120 Equity Shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009 <sup>****</sup>	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680
July 21, 2016 <sup>\$</sup>	1,759,192	10	330.00	Cash	Buyback	96,304,676	963,046,760

\* Pursuant to a Shareholders' Agreement dated October 25, 2006, 97,245 equity shares were issued and allotted to Bennett, Coleman & Co. Limited, at a price of ₹ 617 per Equity Share including a share premium of ₹ 607 per equity share, aggregating ₹ 60 million.

\*\* Pursuant to a subscription agreement dated October 26, 2006, 486,223 equity shares at a subscription price of ₹ 617 per equity share including a share premium of ₹ 607 per equity share, aggregating ₹ 299.99 million.

\*\*\* 8,896,825 equity shares of ₹ 10 each, were issued as fully paid-up shares.

\*\*\*\* 25,162,135 equity shares of ₹ 10 each, were issued as fully paid-up shares by way of Qualified Institutional Placement.

\$ 1,759,192 equity shares of ₹ 10 each were bought back from the shareholders at a price of ₹ 330 per share.

## Shares Held in Physical and Dematerialised Form

As on March 31, 2017, 99.999 percent of the Company's shares were held in dematerialised form and the rest in physical form. The following is the break-up of the equity shares held in electronic and physical forms:

Description	No. of Shareholders	No. of Shares	% of Equity
NSDL	36,708	95,473,666	99.139
CDSL	15,204	830,902	0.860
Physical	10	108	0.001
<b>TOTAL</b>	<b>51,922</b>	<b>96,304,676</b>	<b>100.000</b>

## Additional Shareholder Information

### Unclaimed Dividend

Pursuant to Section 124 of the Companies Act, 2013, amounts lying unpaid or unclaimed in the Unpaid Dividend Account of the Company for a period of seven years from the date of transfer of the dividend amount to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

During financial year 2016-17, the Company was required to transfer to the Investor Education and Protection Fund the dividend declared in the Annual General Meeting held on June 24, 2009. Accordingly, the Company has transferred an amount of ₹ 400,402 (Rupees Four Lakhs Four Hundred Two only) to the Investor Education and Protection Fund.

The details of the unclaimed dividend along with the names and addresses of the shareholders were published on the website of the Company. Individual communication to each of the shareholders, who have not claimed the dividend continuously for the previous seven years were sent to their registered addresses.

Given below is a table providing the dates of declaration of dividend after the shares were listed and the corresponding date when unclaimed dividends are due to be transferred to the Central Government:

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2017 (₹)	Due date for transfer to Investor Education and Protection Fund
2009-10	June 11, 2010	June 10, 2017	235,122.50	July 09, 2017
2010-11	June 30, 2011	June 29, 2018	198,096.00	July 28, 2018
2011-12	June 30, 2012	June 29, 2019	258,155.00	July 28, 2019
2012-13	July 05, 2013	July 04, 2020	309,575.00	August 02, 2020
2013-14	July 11, 2014	July 10, 2021	273,581.00	August 08, 2021
2014-15	July 15, 2015	July 14, 2022	370,874.00	August 12, 2022
2015-16	August 03, 2016	August 02, 2023	107,418.00	September 1, 2023

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. Members who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com)

## Unclaimed Equity Shares

In terms of Regulation 39(4) of the Listing Regulations, unclaimed equity shares shall be transferred to an “Unclaimed Suspense Account” opened by the Company for the purpose and the equity shares lying therein shall be dematerialised with a Depository Participant. The voting rights of such equity shares remain frozen till the rightful owner claims the shares

Accordingly the Company has opened a demat account with Depository Participant Geojit BNP Paribas Financial Services Limited. The following table provides details of the equity shares lying in the Unclaimed Suspense Account:

Financial Year	Aggregate No. of Shareholders and outstanding equity shares as on April 01, 2016	Number of shareholders who approached the Company for transfer of equity shares during the year	Number of shareholders to whom equity shares were transferred	Aggregate No. of Shareholders and outstanding equity shares as on March 31, 2017
2016-17	83 Shareholders and 841 outstanding equity shares	-	-	83 Shareholders and 841 outstanding equity shares

Allottees who have not yet claimed their equity shares are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com)

However, if the said shares are not claimed within the due date to be published by the Ministry of Corporate Affairs in the near future, pursuant to the provision of various notifications issued by the Ministry of Corporate Affairs, the shares will be transferred to the designated demat account to be opened by IEPF.

## General Shareholder Information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited 'SOBHA', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
Date and Venue of the Annual General Meeting (AGM)	Date: 4 <sup>th</sup> August, 2017 Time: 4.00 PM Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.
Financial Year	The financial year of the Company starts from 1st April of every year and ends on 31 <sup>st</sup> March of the succeeding year.
Book Closure	The date of Book Closure is 24 <sup>th</sup> July, 2017.
Dividend payment date	If approved by the shareholders in the ensuing annual general meeting, the dividend will be paid on or before 31 <sup>st</sup> August, 2017.
Declaration of Financial Results for the financial year 2016-17	<ul style="list-style-type: none"> <li>For quarter ending June 30, 2016 – September 10, 2016.</li> <li>For quarter ending September 30, 2016 – November 21, 2016.</li> <li>For quarter ending December 31, 2016 – February 08, 2017.</li> <li>For the year ending March 31, 2017 – May 16, 2017.</li> </ul>

### Correspondence Details of various Authorities

Securities and Exchange Board of India	Securities and Exchange Board of India  SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. Tel: 1800 266 7575 Website: <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>   <a href="http://www.scores.gov.in">www.scores.gov.in</a>
National Stock Exchange of India Limited	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Tel: +91 22 2659 8100 - 8114 Website: <a href="http://www.nseindia.com">www.nseindia.com</a>
BSE Limited	BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001. Tel: +91 22 2272 1233/4 Website: <a href="http://www.bseindia.com">www.bseindia.com</a>
National Securities Depository Limited	National Securities Depository Limited 4 <sup>th</sup> Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel: +91 22 2499 4200 Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17 <sup>th</sup> floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001. Tel: +91 2272 8658   +91 2272 8645 Website: <a href="http://www.cdsindia.com">www.cdsindia.com</a>
Debenture Trustee	Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited) GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune-411 038. Tel: +91 20 25280081 Fax : +91 20 25280275
R&T Agents	Link Intime India Private Limited C-101,247 Park,L B S Marg, Vikhroli West, Mumbai-400083. Telephone Number:022-49186270 Fax Number:022-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

### Share Transfer System

Share transfers would be registered and returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Share transfers and other communication regarding share certificates and change of address, etc., may be addressed to the R&T Agents as mentioned above.

## Nomination

Pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, members may file nomination in respect of their shareholdings/debenture holdings:

For shares held in physical form, members are requested to give the nomination request to Registrar & Share Transfer Agents of the Company.

For shares held in dematerialised mode, members are requested to give the nomination request to their respective Depository Participants directly.

## E-Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company will provide remote e-voting facility to shareholders. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary e-voting platform to the members of the Company for the ensuing Annual General Meeting.

For detailed information on the e-voting procedure, members may please refer to the Notes to the Notice of Annual General Meeting.

## Website Disclosures

Corporate Social Responsibility Policy	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Vigil Mechanism	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Code of Conduct	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Nomination and Remuneration Policy	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Code of Conduct for Prevention of Insider Trading	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Material Subsidiary Policy	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Policy on Related Party Transactions	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Policy on Determination of Materiality of Events and Information	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Policy on Preservation of Documents	<a href="http://www.sobha.com/investor-relations-downloads-pol.php">http://www.sobha.com/investor-relations-downloads-pol.php</a>
Terms and Conditions of appointment of Independent Directors	<a href="http://www.sobha.com/investor-relations-downloads-ms.php">http://www.sobha.com/investor-relations-downloads-ms.php</a>
Composition of various committees of the Board of Directors	<a href="http://www.sobha.com/investor-relations-downloads-ms.php">http://www.sobha.com/investor-relations-downloads-ms.php</a>

## Address for Correspondence

### For any queries, please write to

Mr. Vighneshwar G Bhat  
Company Secretary & Compliance Officer  
Sobha Limited  
'SOBHA', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore – 560 103  
Board Line: +91 80 4932 0000 | Extension: 6024  
Fax: +91 80 4932 0444  
Email: [vighneshwar.bhat@sobha.com](mailto:vighneshwar.bhat@sobha.com)  
[investors@sobha.com](mailto:investors@sobha.com)

### For queries relating to financial statements, please write to

Mr. Subhash Mohan Bhat  
Chief Financial Officer  
Sobha Limited  
'SOBHA', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore – 560 103  
Telephone: +91 80 4932 0000 | Extension: 5026  
Fax: +91 80 4932 0444  
Email: [subhash.bhat@sobha.com](mailto:subhash.bhat@sobha.com)  
[investors@sobha.com](mailto:investors@sobha.com)



# Markets and Operating Environment

## Macroeconomic Overview

Financial year 2016-17 has witnessed many ups and downs in the Indian economy. With an annual growth of 7.1 percent during the year, the Indian economy is one of the resilient and among the fastest growing economies in the world. The nation will continue to benefit from low global commodity prices which have helped rein in inflation and encouraged consumer spending. Focus on urbanisation, smart city programmes, improvement in infrastructure along with implementation of policy reforms to iron out regulatory issues and approval related functions need to be prioritised by the government. This will encourage private sector investments, creating the right platform for utilising the country's demographic potential and laying the foundations for GDP growth.

## Sector Overview

The Parliament has approved the Real Estate (Regulation and Development) Act, 2016 which is bound to have a huge transformational impact on the real estate sector. Goods and Service Tax is another significant reform which will subsume all indirect taxes and pave the way for a single market across India. The real estate sector should see some benefits on absorbed costs like those on cement, steel and other building materials.

Demonetization in the third quarter lapped out 86% of the cash from the public circulation. This had profound impact on the economy, especially in the real estate sector. The performance of the sector during the year bears testimony to the same.

The Union Budget has put special emphasis on the affordable housing segment. Infrastructure status for this segment will certainly help real estate entities with flawless governance practices to raise funds at substantially better interest rates. Practical amendments for availing Income tax benefits on higher Carpet area in the Union Budget for the affordable housing segment is a welcome step. The credit linked subsidy scheme for first-time homebuyers under the Pradhan Mantri Awas Yojana

(PMAY) should push real estate demand in the mid-income group.

## Outlook of our Markets

### A. Real Estate

SOBHA, the number one real estate brand in India, has a presence in nine cities in five states. Its operations are spread in Bangalore, Gurgaon (NCR), Chennai, Pune, Thrissur, Cochin, Calicut, Coimbatore, and Mysore. The Company, while consolidating its current market is continuously exploring new market in southern India.

### Bangalore

Bengaluru real estate market is the most promising spot for real estate investors. The City has witnessed its transformation to an IT hub of India. Due to IT/ITes sector- which ensures strong macro-economic dynamics, most home buyers prefer Bangalore a perfect place to settle and retire. Bengaluru is a stable realty market and has steady prices.

SOBHA's 75% (approximate) of the sales volume and value is contributed by the Bangalore market. During 2016-17, the Company had launched one project 'SOBHA Palm Court' at Kogilu Cross, Yelahanka, North Bangalore measuring total developable area of 0.69 million square feet with a 0.51 million square feet of super built-up area.

SOBHA Palm Court has carved a niche for itself in the realm of real estate. Its close proximity to the international airport, Manyata Tech Park, Aerospace SEZ and other IT hubs makes it one of the most-desirable architectural masterpiece in the area. Each home in the property is designed to perfection and comes with spaces that are functional and elaborate. Equipped with an uber-cool clubhouse and world-class amenities including a tennis court and cricket pitch, SOBHA Palm Court gives a living

experience that is unique and luxurious. This project is spread across a 4.75 acre landscape with 294 luxurious 3 BHK units.

During the year, the Company delivered five projects, aggregating 2.43 million square feet of total developable area and 1.95 million square feet of super built-up area. Overall, it delivered 93 projects, aggregating 32.70 million square feet of total developable area and 25.34 million square feet of super built-up area.

Presently, the Company has 21 on-going projects aggregating 21.90 million square feet of total developable area and 15.61 million square feet of super built-up area.

### **Gurgaon - NCR**

SOBHA started its operation in the Gurgaon-NCR market during 2011-12 with the launch of "International City". Looking at the positive feedback to this, during 2016-17, the Company launched the first phase of the 'SOBHA City' project in Gurgaon, consisting three towers with a saleable area of 0.46 million square feet. The total saleable area of the project is 3.24 million square feet, consisting of 22 towers in all. SOBHA City is one of the single largest group housing projects in Gurgaon.

Presently, the Company has six ongoing projects within the International City development, aggregating 10.65 million square feet of the total developable area and 7.24 million square feet of the super built-up area.

### **Chennai**

During 2016-17, the Company delivered two projects 'SOBHA Evergreen' and 'SOBHA Serene', aggregating 0.78 million square feet of developable area and 0.56 million square feet of super built-up area.

Presently, the Company has one ongoing project, aggregating 0.70 million square feet of total developable area and 0.51 million square feet of super built-up area.

### **Calicut**

SOBHA has been operating in Calicut since 2013-14 with its project SOBHA Bela Encosta, a Super Luxury Villa Development.

Presently, the Company has two ongoing projects that aggregate 1.08 million square feet of total developable area and 0.72 million square feet of super built-up area.

### **Cochin**

During 2016-17, the Company launched the 'Marina One' project at Marine Drive. The project is a 50 percent co-ownership with Puravankara Projects Limited.

'Marina One' is spread across 16.7 acres of land, with 1141 units, admeasuring total developable area of 3.91 million square feet and salable area of 3.20 million square feet ranging of 2018 sq.ft - 3710 sq.ft, 3 and 4 bedroom Super Luxury apartments tastefully designed to entice connoisseurs of an elite lifestyle. Marina One homes are individual in style and arrangement. Every home is a waterfront property or it overlooks the magnificent city and is designed to meet the demand from discerning buyers and investors looking for premium waterfront homes by the glorious Arabian Sea.

### **Pune**

The Company ventured into the Pune market in 2007-08 with the project 'SOBHA Carnation', Super Luxury Multi-storied apartments. Overall, it has delivered three projects aggregating 1.03 million square feet of total developable area and 0.75 million square feet of super built-up area.

Presently, the Company has one ongoing project aggregating to 0.17 million square feet of total developable area and 0.13 million square feet of super built-up area.

### **Thrissur**

SOBHA entered the Thrissur market in 2007-08 with its landmark project "SOBHA City", the first Integrated Township in Kerala. Overall, the Company has delivered nine projects within SOBHA City, with a township development aggregating 2.27 million square feet of total developable area and 1.83 million square feet of super built-up area.

Presently, the Company has two ongoing projects aggregating 0.91 million square feet of total developable area and 0.74 million square feet of super built-up area.

### Coimbatore

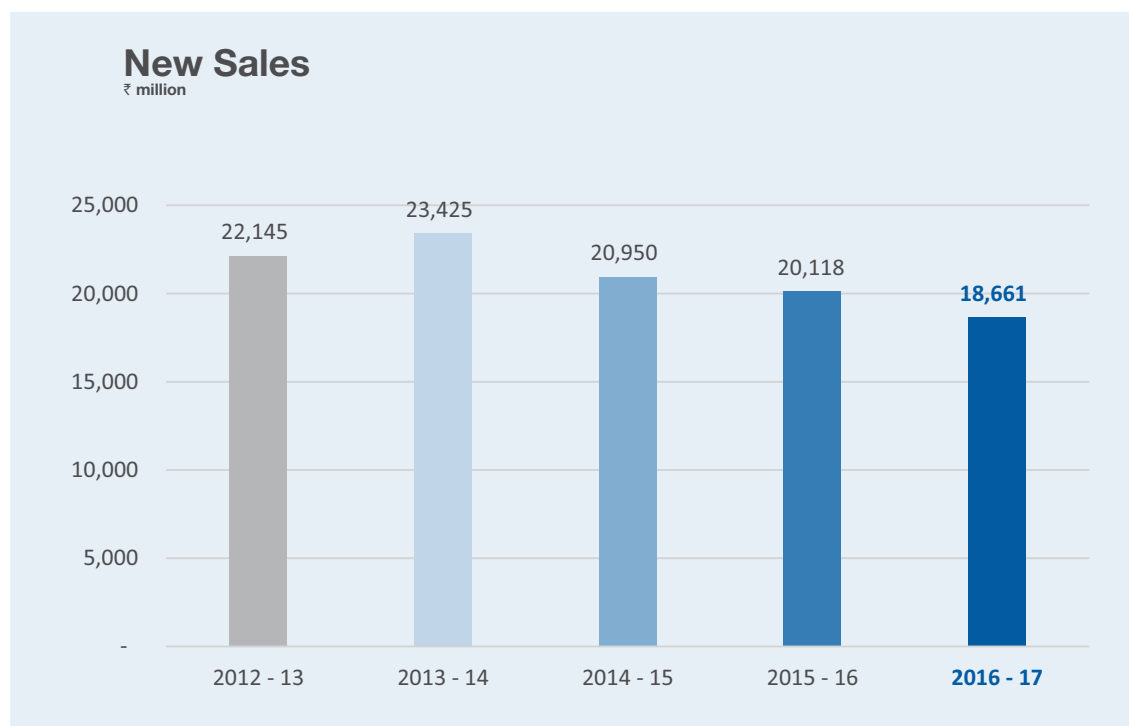
The Company ventured into the Coimbatore market in 1998-99 with the plotted development project of 'SOBHA Harishree Gardens' and launched its first villa development project, SOBHA Emerald in 2008-09.

So far, the Company has delivered seven projects, aggregating 3.55 million square feet of total developable area and 2.96 million square feet of super built-up area. Presently, it has two ongoing projects aggregating 0.61 million square feet of total developable area and 0.48 million square feet of super built-up area.

### Mysore

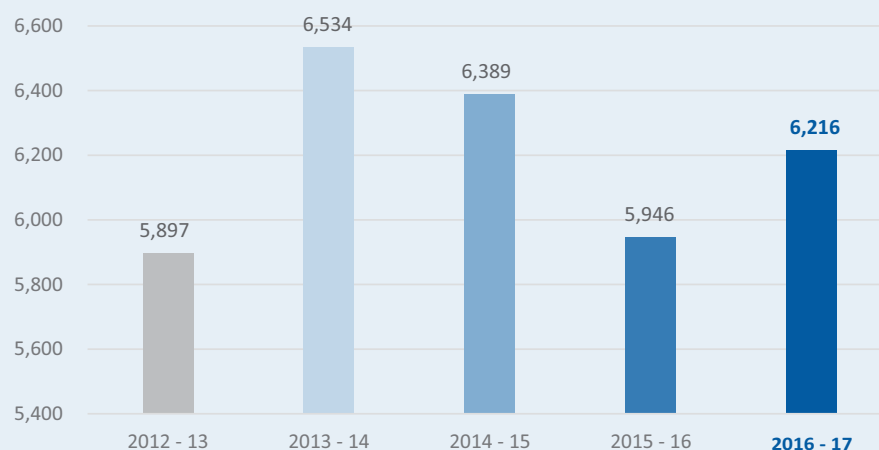
SOBHA started operations in Mysore in 2011-12 with the plotted development project 'SOBHA Garden'. Overall, it has delivered two projects, aggregating 0.71 million square feet of total developable area and 0.35 million square feet of super built-up area. Presently, it has one ongoing project, 'SOBHA Retreat', aggregating 0.62 million square feet of total developable area and 0.33 million square feet of super built-up area.

During the financial year, the Company launched two projects with a total developable area of 4.60 million square feet and total saleable area of 3.71 million square feet. The Company achieved 3.00 million square feet of new sales area, valued at ₹ 18.66 billion at an average price realization of ₹ 6,216 per square feet. Despite the challenges faced by the real estate sector, the Company has consistently achieved new sales of 3 million square feet on average in the past four years.



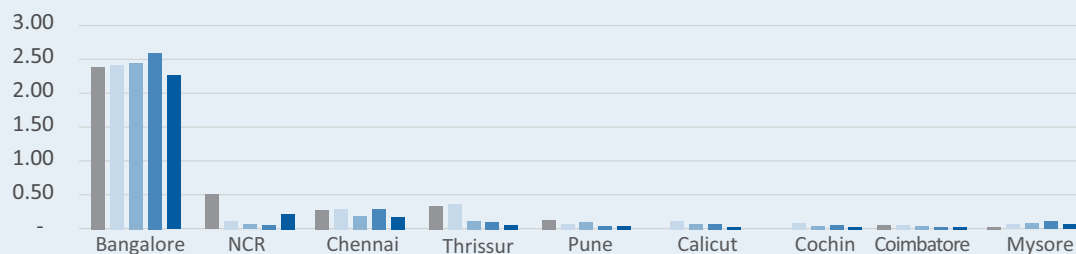
## Average Price Realization

(₹ per square feet)



## New Sales

Location wise break-up (SBA in million square feet)



	Bangalore	NCR	Chennai	Thrissur	Pune	Calicut	Cochin	Coimbatore	Mysore
■ FY 2012-13	2.38	0.51	0.29	0.34	0.14	-	-	0.06	0.03
■ FY 2013-14	2.41	0.13	0.30	0.36	0.08	0.13	0.02	0.07	0.08
■ FY 2014-15	2.44	0.08	0.20	0.12	0.11	0.09	0.10	0.05	0.09
■ FY 2015-16	2.59	0.07	0.30	0.10	0.05	0.09	0.04	0.02	0.12
■ FY 2016-17	2.26	0.23	0.18	0.08	0.05	0.03	0.07	0.03	0.08

Despite commercial products, SOBHA's prime focus remains on its residential business to generate positive cash flows through speedy delivery and revenue realisation and to ensure appropriate investments in the best available opportunities.

## B. Commercial

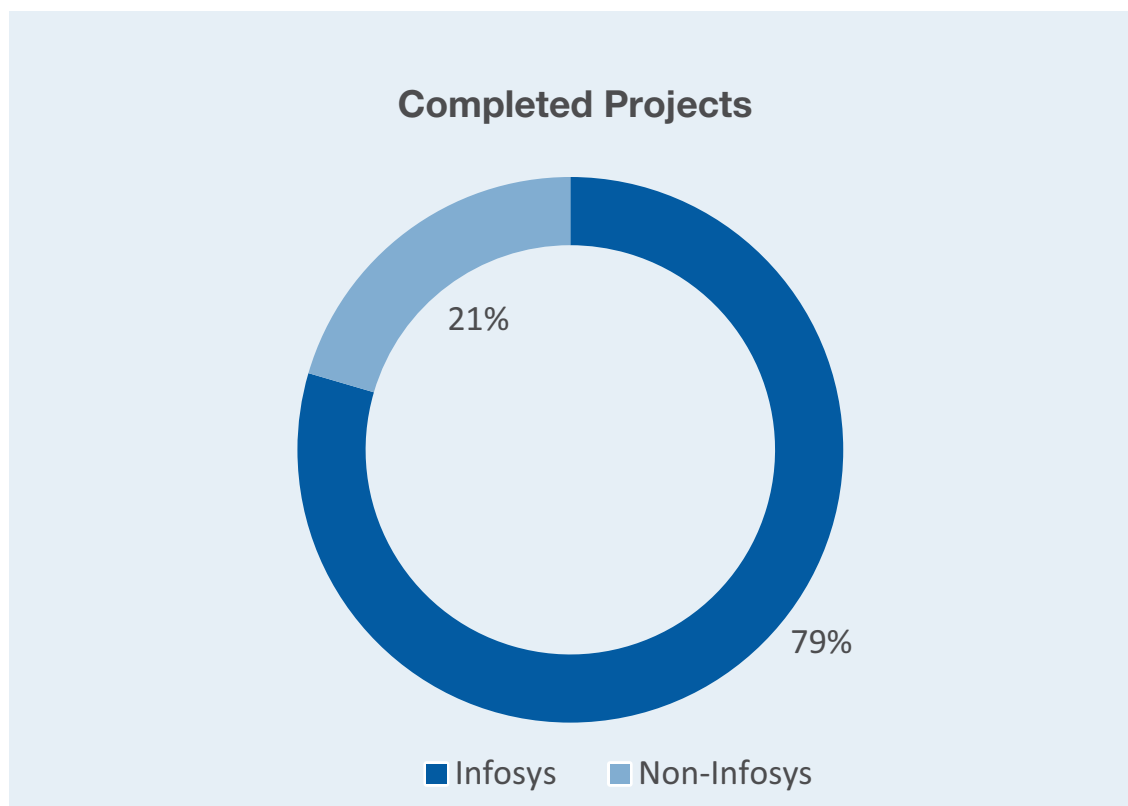
During 2016, the Company commenced operations of its first commercial mall in the SOBHA City Project, Thrissur. It has a total developable area of 0.44 million square feet with a total leasable area of 0.32 million square feet. SOBHA, had initially sold 0.61 million square feet. So far, it has leased more than 80 percent of the area to various reputed brands.

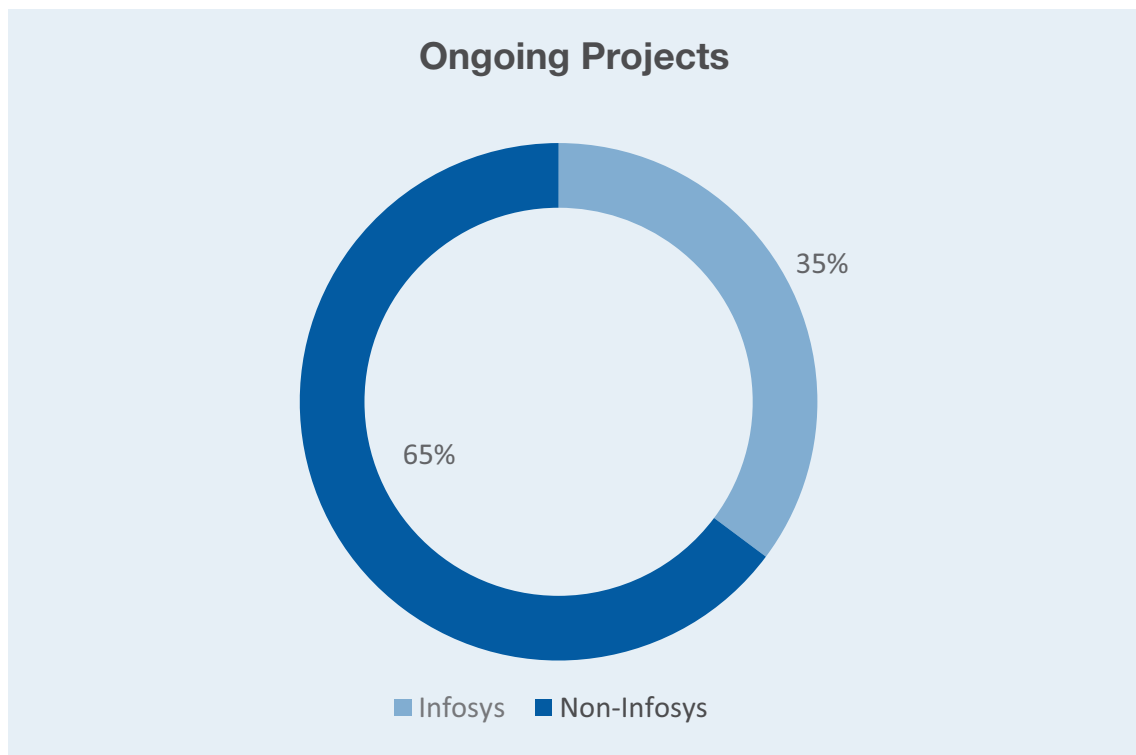
The St. Mark's Road Project has a total developable area of 0.38 million square feet with a leasable area of 0.20 million square feet. The construction of the project is in progress as per schedule.

## C. Contractual

SOBHA's ability and capacity to deliver high quality, custom-designed turnkey projects and the domain knowledge to address the tough challenges have gained a loyal customer base for its Contract Division. In the contractual vertical, SOBHA has a presence in 26 cities across 13 states.

Overall, the Company has delivered 44.29 million square feet, out of which 35.03 million square feet of area is to Infosys, its single largest client. It has 8.81 million square feet of area under execution. While SOBHA values this long-standing relationship, there is emphasis on diversifying its client base and reducing SOBHA's risk-portfolio. The share of contractual orders from non-Infosys clients stood at about 65 percent as of end of March 2017. Our corporate clients include Biocon, LuLu Group, Dell, Bosch, Syngene, Taj Hotels, HCL, ITC Hotels, GMR, Huawei Technologies and the Manipal Group.





As the Company predominantly operates on a cost plus margin basis, it seeks to expand its contractual operations while preserving its margins.

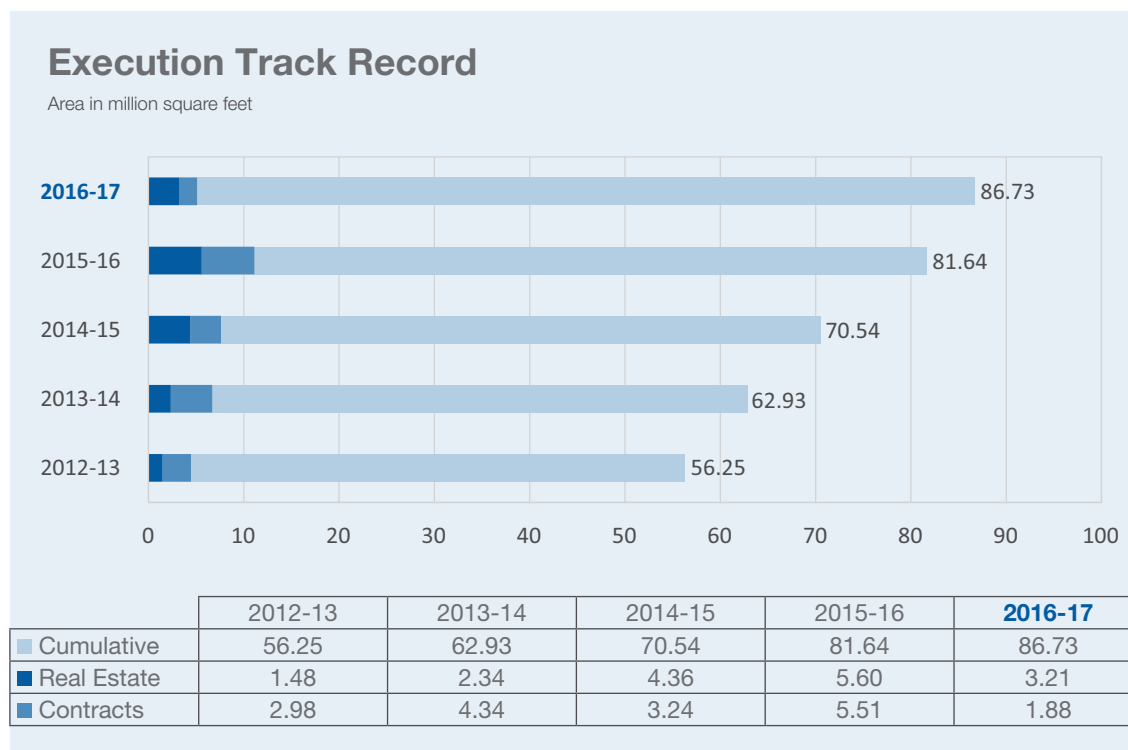


# PROJECTS AND WORK DONE

Quality products, customer satisfaction and timely delivery have enabled SOBHA to set a benchmark in the industry and garner customer loyalty over the years. These were continued and witnessed during financial year 2016-17 too when we completed and handed over 5.09 million square feet of area.

## I. Overall Execution

SOBHA has executed 406 projects, aggregating 86.73 million square feet of area since starting its operations in 1995. The Company has been steady in launching new real estate projects and executing new contractual projects wherein significant project level investments are being made on a regular basis. These on-going projects are excluded from the purview of overall execution since, on average, a real estate project takes around 3 to 4 years to complete.



## II. Completed Projects

Financial year 2016-17 witnessed the completion of 17 projects in SOBHA's Real Estate and Contractual vertical, measuring 5.09 million square feet of developable area and 4.38 million square feet of super built-up area.

### a. Real Estate

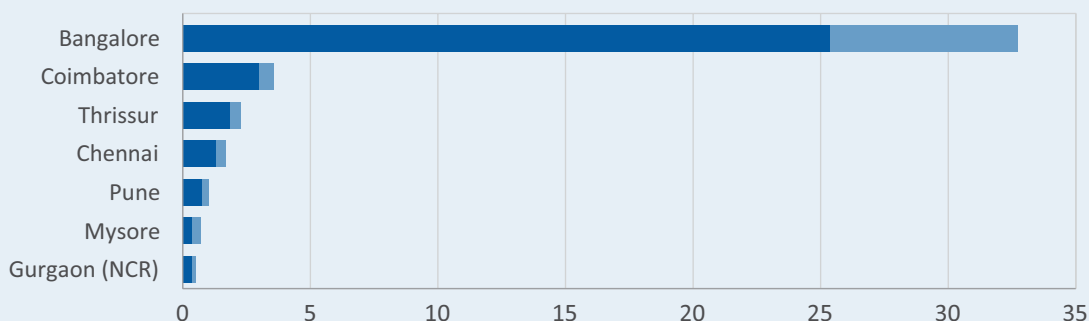
During the year SOBHA completed seven real estate projects, measuring 3.21 million square feet of

developable area and 2.50 million square feet of super built-up area in two cities. The Company achieved yet another milestone in the execution of its projects. It completed the first three towers of the "SOBHA Dream Acres" project (wing 7, 8 and 13), consisting of 328 units of 0.35 million square feet, 17 months ahead of committed timeline, a record in the construction industry. The remaining phases of the development are in progress ahead of schedule. Construction of these projects was carried out using the pre-cast technology.

Since its inception, the Company has completed 118 real estate projects measuring 42.44 million square feet of developable area and 32.88 million square feet of super built-up area.

## Real Estate Completed - Location Wise Breakup

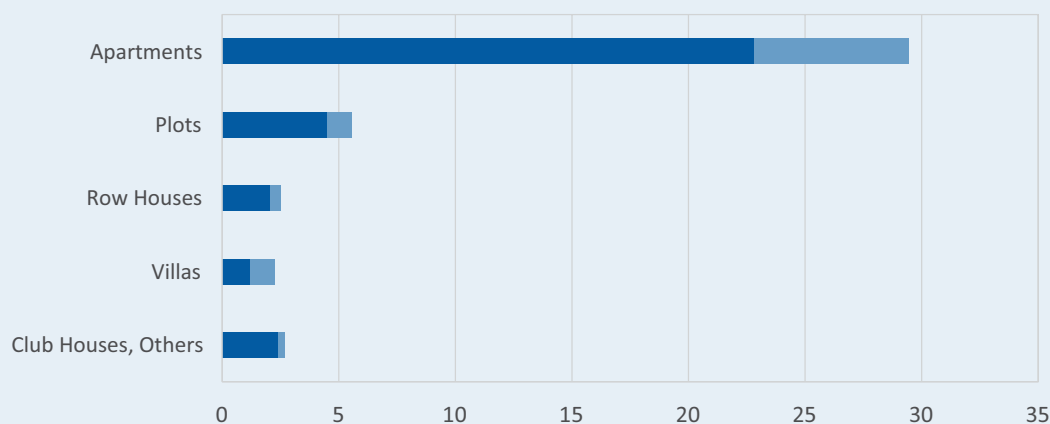
Area in million square feet



	Bangalore	Coimbatore	Thrissur	Chennai	Pune	Mysore	Gurgaon (NCR)
Developed area	32.71	3.55	2.27	1.68	1.03	0.71	0.50
Super Built-up area	25.34	2.96	1.83	1.29	0.75	0.35	0.34

## Real Estate Completed - Product Mix

Area in million square feet



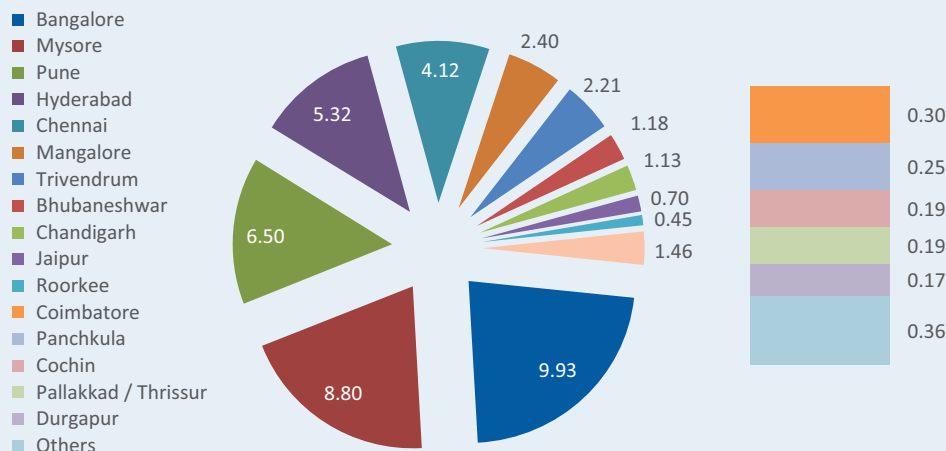
	Apartments	Plots	Row Houses	Villas	Club House, Others etc
Developed area	29.45	5.56	2.51	2.25	2.67
Super Built-up area	22.80	4.48	2.04	1.18	2.38

### b. Contractual

During financial year 2016-17, the Company completed 10 contractual projects, measuring 1.88 million square feet spread across seven cities. Since the start of its operations, SOBHA has completed 288 contractual projects, measuring 44.29 million square feet.

## Contracts Completed

Developed Area in million square feet



Note: Others include Salem, Baddi, Noida, Gurgaon, Kolkata, Ooty, Calicut and Mumbai.

### III. On-going Projects

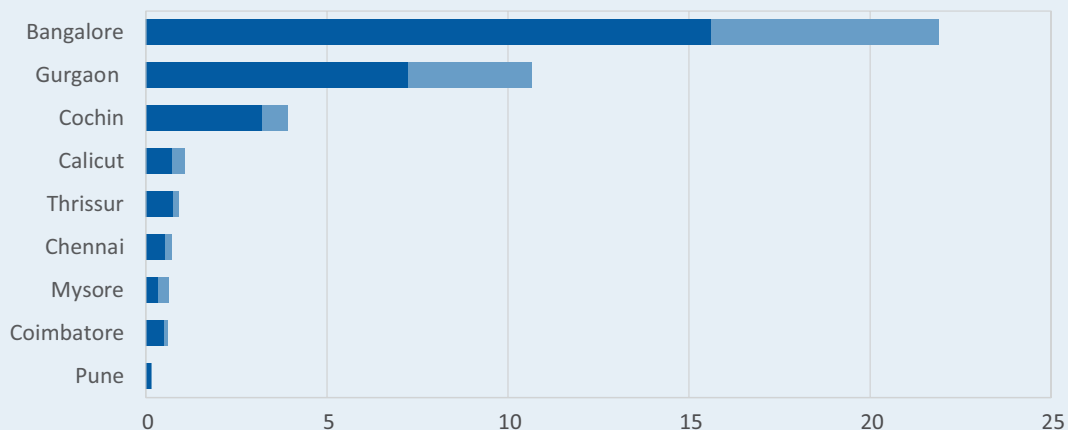
The Company has 67 on-going projects measuring 49.36 million square feet of developable area and 37.77 million square feet of saleable area.

#### a. Real Estate

SOBHA currently has 37 on-going real estate projects aggregating 40.55 million square feet of developable area and 28.96 million square feet of super built-up area spread across 9 cities.

### Real Estate Ongoing - Location Wise Breakup

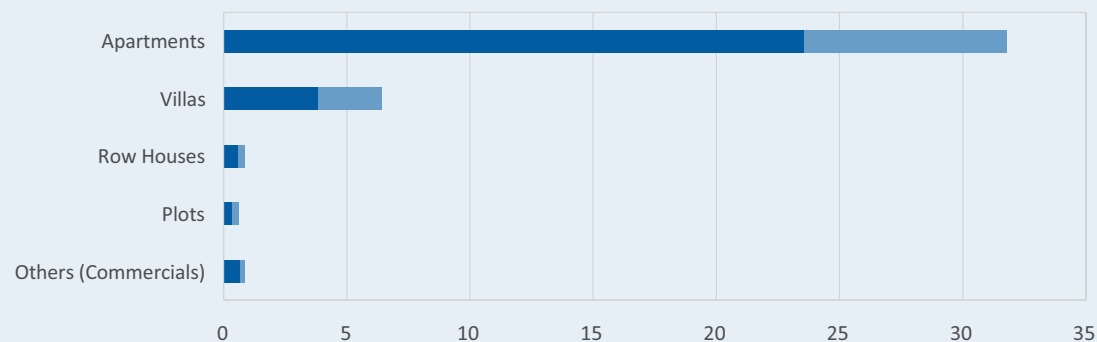
Area in million square feet



	Bangalore	Gurgaon	Cochin	Calicut	Thrissur	Chennai	Mysore	Coimbatore	Pune
Developable area	21.90	10.65	3.91	1.08	0.91	0.70	0.62	0.61	0.17
Super Built-up area	15.61	7.24	3.20	0.72	0.74	0.51	0.33	0.48	0.13

## Real Estate Ongoing - Product Mix

Area in million square feet



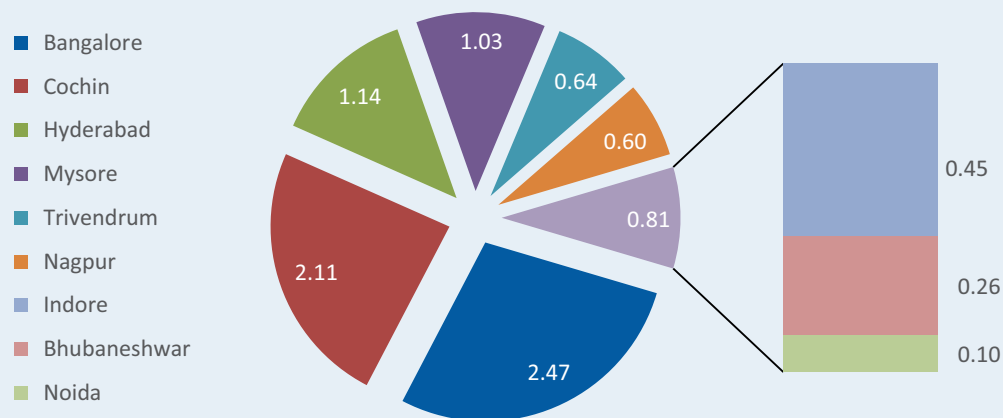
	Apartments	Villas	Row Houses	Plots	Others (Commercial)
Developable area	31.81	6.42	0.86	0.62	0.84
Super Built-up area	23.55	3.84	0.58	0.33	0.66

### b. Contractual

SOBHA has 30 on-going contractual projects aggregating 8.81 million square feet spread across nine cities.

## Contracts Ongoing Projects

Developable Area in million square feet



# Environment, Health and Safety

## Environment, Health and Safety

At SOBHA, the focus on Environment Protection, Health and Safety goes beyond the requirements of the law. SOBHA is committed to providing a healthy environment at the workplace, which enhances creativity as well as productivity of its employees. Sufficient steps have been taken to educate all employees on environmental issues and also on health and safety.

## Environment

SOBHA emphasises on sustainable initiatives for initiating and maintaining a healthy work environment. As a backward integrated organisation, the Company's efforts towards making the planet greener and cleaner also extend to its manufacturing facilities, in addition to construction sites.

At SOBHA, necessary statutory approvals are taken prior to starting a construction. An Environmental Management System is in place for planning, training, implementing, monitoring and auditing to ensure safe environmental conditions during the construction phase, for both people working at the project site and in the vicinity.

Solar panels are installed to generate and use solar power for lighting the common areas. Similarly, solar water heaters are used to meet hot water requirements to the maximum extent.

SOBHA has received ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems respectively, distinguishing it from many of its competitors.

## Rainwater Harvesting

Water is a rare resource on earth. An effort to conserve and bring awareness about the rational use of water is needed. In the recent past, many cities, where SOBHA operates have seen acute shortages of water and have experienced pressure on existing water resources. Rainwater harvesting is one among SOBHA's many efforts to address the water shortage problem. This includes harvesting rainwater in two phases: through collection tanks for roof-based runoffs and recharge pits for land-based

runoffs. Provision is made to treat and reuse terrace runoff thereby reducing the need to procure tanker water or extracting ground water during rainy days. The land-based runoffs are allowed to pass through percolation pits which help enhance the depleting ground water table.

## Sewage Treatment Plants

Sewage Treatment Plants (STPs) have been designed to treat the waste water generated in buildings which is then used for secondary purpose. The generated sewage is treated and supplied for secondary purposes such as flushing of toilets, watering the landscape area and cleaning the common area thus helping in water conservation. This also helps reduce fresh water consumption.

STP uses a hybrid technology – the Activated Sludge Process (ASP) combined with the Ultra Filtration (UF) technology for enhancing the quality of the final treated sewage. It also conforms to applicable Pollution Control Board standards.

In addition, all SOBHA construction site have mobile STPs, which treat the sewage at the source of generation.

## Organic Waste Converters

As per the prevailing regulations, solid waste management is a prerequisite for all SOBHA projects during the operational phase. The integrated solid waste management system operates on the 4R principles -- Reduce, Reuse, Recycle and Recover, the basic components of waste. In this system, waste is segregated at the household level as biodegradable/ inorganic waste and collected in separate bins.

Organic waste is converted into compost through the organic waste converter system. The compost is used as organic manure for landscape and plantations within the project site. The inorganic portion is handed over to authorised waste recyclers for further processing.

SOBHA has successfully installed Organic Waste Converters in all its projects all over India.

## Health and Safety

Work plays a central role in people's lives since most workers spend at least eight hours a day at their workplace. Therefore, work environments should be safe and healthy. Successful occupational health and safety practices require the collaboration and participation of both employers and workers. All SOBHA's construction sites are given special safety instructions and strict compliance with these is ensured. In addition to compliance with the requirements laid down under various laws, the Company has also voluntarily undertaken a number of environment and people-friendly practices.

During 2016-17, the following additional activities were undertaken in the realm of health and safety:

## Process improvement:

- Developed Safety Induction Video for the marketing team and visitors.
- A distinctive approach of safety check was introduced at the precast plant through a checklist.
- Safety standard practices like the Colour Code System for all the lifting appliances were introduced and implemented in the precast plant.

## Innovation:

- A new tool, the Self-Adjusting Safety Guard was developed for the wood cutting machine.
- New methodology of handrail fixing system introduced for staircase safety.



# Corporate Social Responsibility

Corporate Social Responsibility (CSR) takes on a whole new meaning at Sobha Limited. CSR at SOBHA is a sincere devotion that stems out of genuine concern and drive to provide comprehensive and sustainable social development to rural India. CSR at SOBHA goes beyond statutory requirements, as the Company collaborates with the community for the overall improvement of the under privileged population. SOBHA is committed to sustainable and inclusive development of the community's social capital through active engagement.

The CSR programme at SOBHA covers key human development verticals such as education, health and housing, besides various social empowerment measures. In the history of Indian villages, it is perhaps a first-of-its-kind initiative that has been undertaken with investments in terms of designing, developing and delivering state-of-the-art infrastructure to the poorest of the poor without any discrimination on the basis of religion, caste or creed.

SOBHA's CSR activities are spread across the following areas:

- Providing education and vocational training
- Providing healthcare facilities
- Looking after the aged and the impoverished
- Social empowerment measures

## Providing education and vocational training

### The SOBHA Academy

The primary focus of SOBHA Academy is to tap young talent from the under privileged section, offer them world class education and drive the next generation in the right direction. The applications that come to the SOBHA Academy are scrutinised thoroughly to ensure that only deserving candidates are given access to free and quality education. Family backgrounds are screened in detail to curb the misapplication of the opportunity. Selected

students undergo a medical fitness test and the final selection of students is done through an open draw. The Academy looks after all academic and related costs such as fees, books, transportation, food and healthcare. Every academic year, 90 students (3 divisions of 30 each) are taken in. During 2016-17, 993 students in the Vadakkenchery and Kizhakkenchery panchayats were on the rolls from LKG to Class 10. We are proud to announce that the first batch of Class 10 students achieved 100 percent success. Out of 48 students, 25 students secured more than 90 percent marks, 15 students secured between 80-90 percent and the rest secured between 70-80 percent marks.

### SOBHA Icon Higher Secondary Course

The SOBHA Icon Higher Secondary Course is a two-year full-time on-campus course at Moolamcode and is registered with the Kerala State Open School for certification. The SOBHA Icon Higher Secondary Course is a technology-driven, professional college programme that caters to a batch of 60 students each in Science and Commerce disciplines.

In 2016-17, 90 percent of the students who appeared for the exam scored over 95 percent marks; 33 students scored A plus in all subjects with the top score of 98.8 percent.

Apart from 100 percent success in the 2017 Kerala Higher Secondary Board Examinations, Icon students scored seven distinctions and 25 credits in the IAIS 2016 conducted by the Australia based South Wales University. Further, 12 students were selected by Azim Premji University in the national level entrance test for under graduate admissions.

### SOBHA Icon- High School Support Initiative

SOBHA has also launched several educational initiatives for the benefit of children. SOBHA Icon is one such initiative which is a socially inclusive educational empowerment initiative for students from poor families who have the capability but not the resources to excel in their studies. This initiative

aims at creating 'Icons for India' by making high-quality learning opportunities available to deserving high school students from government schools who have an interest but not have the opportunities to grow. Regular professionals have been engaged to enhance the academic performance of more than 90 students; 30 students each in Class 8, 9 and 10 are provided coaching support in their studies. Students who availed of this opportunity passed with good grades and are now enrolled in higher secondary courses. In Class 8, 14 Icons received the National Merit cum Means Scholarship Examination 2016 which is a creditable achievement.

Regular meetings are held with parents of the SOBHA Academy and SOBHA Icon students to discuss the progress made by their children and to maximise the benefits of education provided to them.

### **SOBHA Icon –UG Support Initiative**

As part of encouraging better performers of the Icon Higher Secondary Course, the SOBHA has been extending financial assistance to Icons to pursue their UG courses since 2015. The support is linked to performance (an 80 per cent score or an equivalent grade) to ensure that the benefit goes to the right hands. Their progress is monitored continuously to ensure that the initiative fulfils its purpose.

### **Anganvadi**

During 2016-17, 5 cents of land was donated to Anganvadi, a pre-schooling centre at Vadakkenchery for the benefit of society.

### **The SOBHA Vocational Training Centre**

The SOBHA Vocational Training Centre (SVTC) aims at providing functional vocational training and paid apprenticeships in carpentry to youth from the under privileged community. Another centre provides professional training in graphics, music and tailoring.

## **Providing Healthcare Facilities**

### **SOBHA Healthcare**

The SOBHA Healthcare Centre has redefined the limits of primary healthcare institutions. SOBHA Healthcare, started in 2007, is one of SOBHA's top CSR activities which provides free and easy access to primary healthcare in the surrounding geography. The facilities include free consultation, diagnosis, tests, treatment, medicines and dental and ophthalmology care. The Centre has also set up outreach counters to reach out to the needy at their doorsteps. SOBHA Healthcare fills an important space of high-quality primary healthcare in an extremely backward area which offers state-of-the-art healthcare resources, facilities and services to the villagers free of cost. This also includes free medicines at SOBHA's CSR panchayats. More than 2 lakh patients have benefitted from this initiative so far showing the important role played by SOBHA Healthcare at the community level in terms of accessibility and acceptability.

The Healthcare Centre also has four day-care beds, state-of-the-art equipment including a digital ultrasound scanning system, a 300 MA digital X-Ray unit, an automated clinical laboratory and a physiotherapy department.

The following beneficiaries avail of free healthcare facilities under the various SOBHA Healthcare programmes:

- SOBHA's project staff and migrant workers are provided annual medical screening.
- Residents of SOBHA Hermitage.
- Students of the SOBHA Academy, who are screened twice a year for medical / ophthalmology / dental care. Road to health growth charts are also maintained for all students.
- All parents of students at the SOBHA Academy undergo medical / relevant clinical laboratory examinations.

- All employees of the Sri Kurumba Educational and Charitable Trust undergo yearly medical / relevant clinical laboratory investigations.
- Below the poverty line families in the three selected panchayats of Vadakkenchery, Kannambra and Kizhakkenchery who have also been given identity cards.

In 2016-17, 11,320 out-patients were treated under the SOBHA Healthcare programmes.

## **Looking After the Aged and the Impoverished**

### **SOBHA Hermitage**

As people get older, they need support to lead active, healthy, independent and secure lives. This requires a multi-dimensional approach backed with specific programmes providing age appropriate housing and residential care services. In line with this, SOBHA is supporting easing the lives of people from the elderly community in need of such support.

SOBHA Hermitage aims to provide shelter and assistance to elderly from weaker sections of society. SOBHA Hermitage has become a home for senior citizens and young widows and their children. Residents of SOBHA Hermitage are extended facilities like independent rooms, a library, a common television room, a gym and also internet access. SOBHA Healthcare addresses the medical needs of SOBHA Hermitage's residents. The Hermitage also has an in-house clinic.

Apart from providing necessary amenities, many cultural and social activities are also organised at the Hermitage to develop a sense of belonging among the residents.

### **SOBHA Young Mothers Rehabilitation Programme**

The SOBHA Young Mothers Rehabilitation Programme is a unique attempt by SOBHA to address rehabilitation issues of young widowed mothers with children. There are 18 mothers and their 27 children living at the Hermitage. Special arrangements are in

place for their living, safety, security and welfare, all provided free of cost. Children in the rehabilitation facilities are extended free world class education at the SOBHA Academy.

All mothers are encouraged to continue their education and trained to take up proper employment. They are employed in the SOBHA Academy and paid for the work they do, making it a source of potential savings for them. One among them completed her Post Graduation and is employed at the SOBHA Academy as a qualified teacher.

Young mothers having grown-up children are provided individual self-contained flats constructed by SOBHA. SOBHA also provides them several facilities including vegetables, provisions, fruits, milk and dresses free of cost.

## **Social Empowerment Measures**

### **SOBHA Young Mothers Remarriages**

To ensure that young widows rehabilitated at SOBHA Hermitage have meaningful and social lives, regular efforts are being made for their remarriages. Seven such young mothers were remarried and they are now leading successful lives.

### **SOBHA Rural Women's Empowerment**

As a part of women empowerment, 50 widowed mothers and their children from the Vadakkenchery and Kizhakkenchery panchayats are provided basic monthly living support besides clothing, medical and other personal items. Their children's educational expenses are also met by the Company. Those children who attend government schools are given coaching to improve their performance.

### **SOBHA Social Wedding Programme**

SOBHA's Social Wedding Programme is another constructive activity undertaken by the Company to tackle the social menace of dowry and other issues faced by under privileged segments of society. So far, 550 couples from economically and socially weaker sections have been married under the aegis

of the programme, 'Dowry free social wedding.' Girls and parents are provided pre-marriage counselling and also post-marriage monitoring to render help if required.

### **SOBHA Community Centre**

Through the SOBHA Community Centre, the Company provides a stage for various community development programmes such as medical camps and orientation/training classes. The Centre has a dining hall that provides free meals to the poor and destitute twice a day. It can accommodate about 300 people at a time.

### **Green Initiatives**

SOBHA has taken up a number of green initiatives in its CSR project areas. The Company is prompt

in implementing rainwater harvesting, waste management and other green initiatives across its project locations. Further, the campus where CSR activities are undertaken has more than 3,000 plants and herbs and follows rainwater harvesting. Waste management initiatives are also undertaken and the campus is totally plastic free and a no-smoking area.

SOBHA also provides support to other green initiatives like maintaining a community pond.

### **Supporting Other Charitable Causes**

In financial year 2016-17, SOBHA also contributed to various charitable organisations in the states of Karnataka, Kerala and Tamil Nadu. Some of the beneficiaries include Amnesty International India, Hindu Spiritual and Service Foundation etc.

# Research and Development

Research and development at SOBHA includes a broad range of activities directed towards improving quality, productivity and efficiency of the material, equipment, labour and management of construction. Technology has been the driving force at SOBHA in the execution of its projects. This was different for each of the projects executed by it over the previous two decades. SOBHA always successfully exploited new ideas and that is the key business process that enables the Company to compete effectively in an increasingly competitive geographical and global environment.

In an ever changing market like the construction industry, meeting customers' demands by using the latest technology is the key factor in business growth. SOBHA believes in standardising its construction activities and best practices across all projects so that it can provide uniformity in quality across its various sites and divisions.

On an on-going basis SOBHA spends a lot of money, time and manpower to master the art of selecting the right method of executing a project using the best-in class machines and materials.

The Company makes intensive use of the virtual application, Idea Space, which is helpful in identifying best practices and for inviting ideas from employees in different areas of its applications. These ideas cover areas of quality, feasibility, safety and customer orientation. Models which can lead to better business performance are selected from among the proposals received and this is followed by their implementation across the Company's different locations and divisions. The selected entries are also showcased in Genesis, an exhibition of talent at SOBHA held twice every year to celebrate creativity and innovation among its employees.

Technology and innovation based initiatives at SOBHA can be classified into three segments:

1. Central innovations
2. Divisional innovations
3. Project specific innovations

## 1. Central Innovations

R & D innovations that impact Company-wide activities fall under the Central Innovations category. Some of the initiatives taken under this category during FY 2016-17 are:

- **Plumbing the Test Method Statement**

A standardised process for testing plumbing lines was developed and implemented across the projects. This is developed mainly to improve the existing process for accurate testing of plumbing lines.

- **Training Videos – Housekeeping and S-form**

As a part of continuous education on safety and health, comprehensive training videos were created and deployed across the projects. This will help in knowledge transfer across all levels through in-house projects.

## 2. Divisional Innovations

Divisional Innovations are R&D activities pioneered by various divisions within SOBHA. The important initiatives undertaken by the Concrete Products Division during 2016-17 is given below:

### Concrete Products Division

The Concrete Products Division took several initiatives involving green materials to reduce the Company's carbon footprint.

To achieve measurable results, the Division initiated usage of green materials such as ground granulated blast furnace slag -- waste from steel plants and fly ash which is waste from power generation units. Both these materials have low or negligible carbon footprints and are classified under a broad terminology of supplementary cementing materials. Technology was used to utilise their properties to make the performance of the end products better.

Efforts were also initiated to make the Concrete Products Division a zero waste generating unit. It is proposed that the entire waste generated in the manufacturing operations of this Division will be consumed in the factory using technical methodologies.

### **3. Project Specific Innovations**

#### **a. Flat-wise External Plaster**

Flat-wise external plastering was done instead of floor-wise plastering. This innovation helps in

reducing the time taken for external plastering and also leads to cost reductions.

#### **b. Using Round MS Cutouts Before Slab Concreting**

The MS water stopper are bent into a round shape and welded. This is used in slabs during slab casting where openings are required. With this method, the alignment issues are eliminated and cutouts are of the exact size. This also helps in cost reductions.



# Employees

Our employees and employee culture guarantee the success of our Company. The employees at SOBHA are always ready to take up new challenges including the challenges that emerged out of the new economic and regulatory changes initiated by the government in the recent past. Human resources at SOBHA are equipped with tools to exploit the opportunities spread across the geographies consequent to the government's reforms. Our employees' competence and commitment make a difference and contribute to customer value. Human resources at SOBHA are committed, willing to speedily adapt and innovate to reach their goals in a challenging and rapidly changing business environment.

To attract the right talent and retain and develop it, the Company continuously invests in developing overall personalities of employees. An important element in our success is the ability of our managers to inspire and engage their people. Commitment and pride among our employees has a positive effect on the business modality and contributes to an inspiring work environment.

SOBHA values its employees' skills, abilities and achievements to represent the most valuable asset within the organisation. The Company makes optimal use of their skills and develops them in the best possible way to create tangible value for the organisation as well as for other stakeholders.

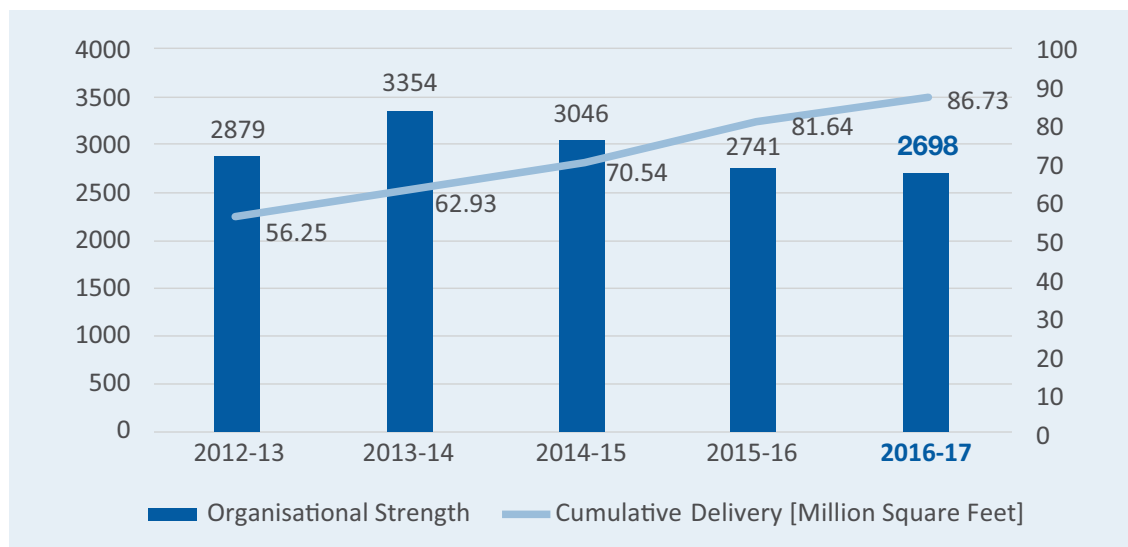
The Company helps employees to address future challenges through on the job skill development. It allows internal mobility of employees to continuously upgrade their capabilities and experience in different functions to better understand customer needs. The Company provides career opportunities as it believes that it is an efficient way to utilise the employees' competence and potential. Vacancies are filled internally as far as possible before looking for outside resources.

The leadership at SOBHA fosters a culture based on the values of openness and caring. Our leaders ensure that employees are able to balance their work with their lives and leads employees through change and development successfully and effectively by coaching.

## Training and Development

### Recruitment

SOBHA has a team of experienced people which recruits and inducts the best talent that is available. The Company follows a detailed and comprehensive recruitment process by using all possible avenues at its disposal for selecting the right candidates. Employees are screened under three broad categories: technical, functional and behavioural competencies.



## Regular Training, an essential

SOBHA understands that regular training is essential for employees to enhance their skills. It helps them advance constantly and remain competitive within the marketplace. Gaps in employee skills are identified on a continuous basis and are addressed through regular training. SOBHA, as an organisation provides opportunities to each of its employees to brush up their skills and refresh their task mastery. On-going learning and training improves their productivity so that they can improve continually.

## Technical Training

Employees are ready to take up challenges emerging in the new regulatory and economic scenario as a result of the initiatives introduced by the government last year. SOBHA believes that imparting effective technical training to its employees is important so that they are equipped to deliver to various stakeholders, including the customer mix spread across the country. The SOBHA Academy which is the training wing of the Company trains employees at all levels through dynamic training programmes. Further, the Company also encourages employees to attend trainings/workshops conducted by various third-party agencies to ensure that they are fully aligned with the market. During 2016-17, 101 training programmes were conducted for technical staff members and 53 programmes were organised for technical supervisors. In all, 3,137 people attended the technical trainings imparted during the year.

Training for technician staff members included Plumbing, Housekeeping and Levelling & Bull Fixing. Along with this, post-skill analysis training was also given to employees.

## Behavioural Training

As an organisation SOBHA recognises that behavioural competence is highly important in order

to realise and move towards set goals. Behavioural training teaches employees to apply skills and acquired knowledge in different situations.

Behavioural training at SOBHA spreads across subjects including Decision making, Interpersonal Skills, Time Management, Communication Skills, Etiquette & Mannerisms, Team Building, Industrial Relations, Motivation Skills, Interviewing Skills, Art of Success and Work Life Balance.

During 2016-17, 117 behavioural training programmes were conducted for staff members at different levels. In all, 117 training programmes covering 1,407 employees were undertaken.

In addition, 116 ad-hoc Behavioural & Technical training programmes were also conducted during the year which were attended by 1,257 employees.

SOBHA recognises high performance individuals and awards them accordingly.

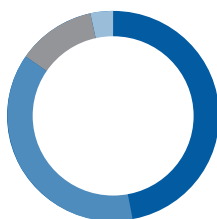
## Creative Club

The Club celebrates important occasions like Earth Day, World Plumbing Day and Earth Hour. It also celebrates festivals and is responsible for organising 'SOBHA Utsav,' an annual cultural programme in which employees showcase their talent and creativity.

## Employee Communiqués

Apart from regular updates through emails on important matters, SOBHA publishes an in-house magazine 'Innervé' to communicate news and developments in the organisation to its employees. The magazine also carries articles written on various issues by the senior management, recognises high-performing employees and also carries contributions by employees.

Age wise Distribution



- No. Of employees <30
- No. Of employees 30<40
- No. Of employees 40<50
- No. Of employees >50

# Risk Management Report

The business risks are an integral and unavoidable component of any business. The Company believes that the risks cannot be eliminated in total. However, it is committed to managing risks in a proactive and effective manner by adopting best practices.

In the real estate sector, a company is exposed to risks at various levels, some of which are within its control while many of them are not, so a company has to have a risk mitigation and management policy in place.

The risk management framework helps a company identify, assess, and map their impact to deal with them effectively. Risk management also prepares a company to anticipate risks and dealing with them effectively. This helps and mitigate the impact of risks and also helps a company in finding ways to reduce their occurrence. Further, effective risk management helps a company to not only tide over a risk but also optimise its performance while facing the risk.

The risks faced by the Company in its normal course of business impact its ability for future development. Some of these risks, include land ownership and title, manpower, credit, liquidity, counterparty, regulatory, commodity inflation, market and macroeconomic. The Company has implemented robust risk management policies and guidelines that space the tolerance for risk.

Broadly speaking risks can be classified into two categories:

1. Those which are beyond the control of a company.
2. Those which are within the control of a company.

Risks that are beyond the control of a company include:

## Natural and man-made disasters:

Natural disasters include earthquakes, fires, droughts, and floods and man-made disasters include acts of terrorism and war.

## Risk control mechanisms

Insurance coverage is an appropriate mode of managing disaster-related risks. SOBHA, apart from sufficient insurance coverage, also takes appropriate measures to ensure that the structural design of its buildings conforms to construction standards applicable in the regions that it operates in.

## Risks related to the sector

### Sales Market Risks

Modern day businesses, including the real estate sector are customer centric and are driven by market sentiments and competition. Though owning a home is an aspiration for everyone, the possibility of deferring a purchase is always on the cards.

Reverse economic or market conditions may influence potential customers forcing him/her to either defer decisions to own a home or cancel them altogether.

### Land Related Risks

For any construction company, land is a primary input for its business and non-availability of appropriate parcels of land in strategic places at reasonable price can lead to an increase in prices. Such situations with the resultant increase in prices of land and can have an adverse impact on the performance of the Company. Further, the availability of land, its use, and development are subject to approvals by various local authorities under applicable local laws and regulations. This makes the prices of land volatile. A drop in land prices may erode the book value carrying the cost of the land. This, in turn, could affect the profitability of a company.

### Ownership and Land Title Risks

Lack of information and poor transparency, coupled with age old property related issues, legal disputes and related costs are key risks in the Indian real estate segment, slowing the growth of the sector.

## Macroeconomic Risks

Interest rates, inflation and exchange rate risks are amongst important macroeconomic risks. These are subject to a number of factors that have to do with the government, monetary and tax policies, domestic/international economic and political conditions, and other factors beyond the control of a company. Changes in interest rates may increase a company's cost of borrowing and impact its profitability.

## Regulatory Risks

Local, state and central regulatory bodies control the real estate sector through laws and regulations governing the acquisition, construction and development of land, including those related to zoning, permitted land use, fire safety standards, height of buildings and access to water and other utilities. SOBHA's business is also subject to these laws. Any delay in obtaining approvals under the regulations stated here will expose the business to high risks. The introduction of the Goods and Service Tax (GST) and the Real Estate (Regulation and Development) Act (RERA) are likely to increase the challenges for construction companies.

## Legal Risks

SOBHA is involved in certain legal proceedings related to land owned by it as well as in taxation claims. The Company also has certain litigations with consumers. Any adverse decision may have a significant effect on the Company's business, prospects and financials.

## Political Risks

Changes in government policies, social and civil unrest and political developments in or affecting India could affect the Company's business interests. Specific laws and policies affecting real estate, foreign investments and other matters affecting investments in the Company's securities could also change.

## Risks Related to the Economy

### An economic slowdown and uncertainties in economic systems

Similar to natural risks associated with the construction sector, risks associated with the

economy are beyond the control of a company. A sluggish economy or even recession in a specific industry, such as IT/ITES, can lead to a decrease in sales or market rates for residential projects. In extreme cases of economic downturn, a company may also run the risk of customer insolvencies though the registration of a property happens only on the receipt of entire dues from a customer. These factors could decrease revenue generation from some or all of a company's businesses, adversely affecting the overall business and future growth.

Further, uncertainties in the national or global economic scenario, a changing demographic profile of the country, and inflation also have a bearing on the functioning of a company in the real estate sector. The demonetisation of high value notes is an example which hit the real estate sector for a couple of months during the year. A downturn in the economy may see increased levels of unemployment and a decline in income levels. This may impact the operations of a company.

In India, a real estate company's business is dependent on the easy availability of finance. An economic slowdown can result in funds shortage as lenders may act safe.

## Risks which are within the control of a company include:

### Customer Risks

SOBHA operates in nine cities, which contribute to the entire revenue of the Company. A significant portion of sales from its real estate operations is generated in the Bangalore market and to some extent from Gurgaon, which are the base of SOBHA's operations. A decline in the revenues of these two real estate markets, new competition or a shift in customer loyalty may have an adverse effect on its business and operating results.

The contractual business depends solely on orders received from corporate entities based on their construction requirements. A substantial portion of revenues from contractual projects is generated from one major client operating in the information technology sector. If this client reduces or stops giving contractual projects to SOBHA, or if there is a slowdown in the IT sector, it could adversely affect its business.

## Borrowing Risks

The construction activity, which is a major contributor to the revenue of the Company, is capital intensive and requires a significant expenditure for land acquisition and development. An efficient borrowing strategy has placed SOBHA ahead of competition with respect to borrowing costs. However, SOBHA is subject to the risks normally associated with debt financing and may be required to dedicate a portion of its cash flow towards repayment of its debt commitments. It may not be possible to generate adequate cash flows in certain extreme scenarios to service principal and interest payments. In certain cases, lenders also have the right to recall a loan. Such an event could impact SOBHA's liquidity and credit rating.

## Liquidity Risks

The real estate industry has its own challenges and dynamics. The time required to liquidate a real estate property can vary depending on the quality and location of the property. Therefore, SOBHA may not be able to liquidate its assets promptly in response to economic, the real estate market or other conditions.

## Credit Risks

SOBHA, develops properties jointly on a regular basis. Credit risk arises when its JV partner does not discharge its obligations. In such circumstances, SOBHA may be required to make additional investments in a joint venture or become liable for the other party's obligations.

## Project Implementation Risks

Real estate projects are vulnerable to a number of implementation issues such as regulatory compliances, which may cause project start up delays, construction delays, cost overruns, and unavailability of skilled labour, occurrence of accidents and quality gaps. SOBHA's operations may be unfavourably impacted if these risks are not mitigated on a real-time basis.

## Input Cost Risks

Many a times, the operations of a real estate project are subject to budget overruns. This could be due to factors like an increase in construction costs, growing charges for sub-contracted services and increase in labour costs. Increased operating expenses may

affect profit margins, if SOBHA is unable to sell the properties with a desired margin. There is a chance of a reduction in demand if the selling price of unsold properties is increased.

## Supply Chain Risks

If suppliers of raw materials curtail, discontinue or disrupt the supply of materials, SOBHA's ability to meet its material requirements for projects could be impaired. This could lead to disruption of construction schedule, and projects may not be completed on time.

## Manpower Risks

The construction industry is highly dependent on manpower and its abilities to retain it. Employee attrition could have an adverse impact on SOBHA's business. SOBHA's performance could also be affected if it is unable to identify, attract and retain key employees like engineers and architects.

## Competition Risks

The residential real estate sector is highly competitive. Other developers undertaking similar projects within the same regional markets are in direct competition with SOBHA. Due to the fragmentation of the real estate business, adequate information about small and medium level competitors' projects may not be available and SOBHA could run the risk of underestimating the supply in the market.

## Diversification and Investment Risks

Despite being a backward integrated player, SOBHA's expansion into new businesses or new geographies exposes it to new risks such as limited familiarity with the development of properties in that area or market for the new product. Competitors may be better known in these markets and might enjoy better relationships with customers/landowners and joint venture partners.

## Risk Containment Strategy and Measures taken for Risk Mitigation

SOBHA always strives to produce customer-centric, high-value products for quality conscious and discerning customers. This is evident from the customers' support during the recent economic

reforms initiated by the Central Government. SOBHA's customers are usually not dependent on external resources to meet their financial requirements.

The Company has a dedicated and robust in-house sales and marketing team, which is entrusted with the task of generating enquiries for its products and transforming them into sales. This reduces reliance on external agents and brokers.

SOBHA has a dedicated Customer Relationship Management (CRM) Department that caters to customers, resolves their queries and grievances, addresses their issues, streamlines the purchase process and receives feedback. An online portal has been designed for customers, where they can share their views and also check on the status of the project. The core responsibility of the CRM Department is to ensure smooth and hassle-free transfer of a product to the satisfaction of customers.

Calculated risk is the essence of any business. Growth of a business depends on a company's ability to absorb risks related to the sector. After careful evaluation of the risks, SOBHA has been steadily expanding its geographic presence in the real estate domain. This diversification has reduced its dependence on a single market, Bangalore, which at one point accounted for all the sales of the Company. Bangalore now contributes around 75 per cent of its overall sales.

To avoid dependency on one large client in the contractual business, the Company is making a conscious effort to enlarge its client base to include a big pool of corporates and institutions; this will ensure minimal dependence on any one particular client. Out of the projects currently under progress, the share of contractual orders received from other clients has increased.

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the Company have been efficiently managed in previous financial years as a result of which the gearing ratio has come down.

Every investment avenue is evaluated on the basis of risk and reward attached to it. The risk related to interest rate is not likely to continue in the near future and will be a driving factor in the development of the real estate sector. Infrastructure status given to the construction industry should be a positive development for the industry/ Company.

The Company takes strategic decisions with respect to land acquisition. Effective methodologies are in place for managing the land portfolio. Requisite due diligence is carried out before acquiring land or entering into partnerships for joint ventures or joint development.

SOBHA has adopted a standard process for ensuring product quality. The technology is upgraded periodically vis-à-vis global standards. This helps in minimising implementation risks. The in-house Quality, Safety and Technology Department is in-charge of addressing quality issues of the end product.

The vendors supplying key materials have long-standing relationships with SOBHA. Since the Company is a backward integrated organisation, key inputs for the final product are sourced in-house, reducing dependence on external suppliers.

Comparatively the attrition rate in the Company is below the industry average. To minimise attrition and retain talent, SOBHA has adopted effective and employee-friendly policies.

SOBHA is confident that with the economic and sector specific-reforms introduced by the government in the recent past such as RERA, GST etc. The outlook for long-term demand for real estate in India will be stable and positive. The emergence of tier-II and tier-III cities, urbanisation, large-scale employment opportunities in tier-II cities and high emergence of nuclear families will contribute to the demand for real estate and corporate space in the future.

The dedicated and strong in-house Legal Department at SOBHA, along with the external experts, ensures minimal legal and regulatory risks. SOBHA is a member of trade associations like CREDAI and active in making joint representations to the government and regulators on common issues faced by the sector. The recent initiatives of the government on bringing new laws and amendments are expected support organised players such as SOBHA.

SOBHA'S foray into new geographies is based on a thorough analysis of prevailing market conditions and the regulatory environment. Several contractual projects have been successfully executed in the cities it plans to enter. Therefore, there is a good understanding of the local factors at play. The Company also engages locally available manpower resources.

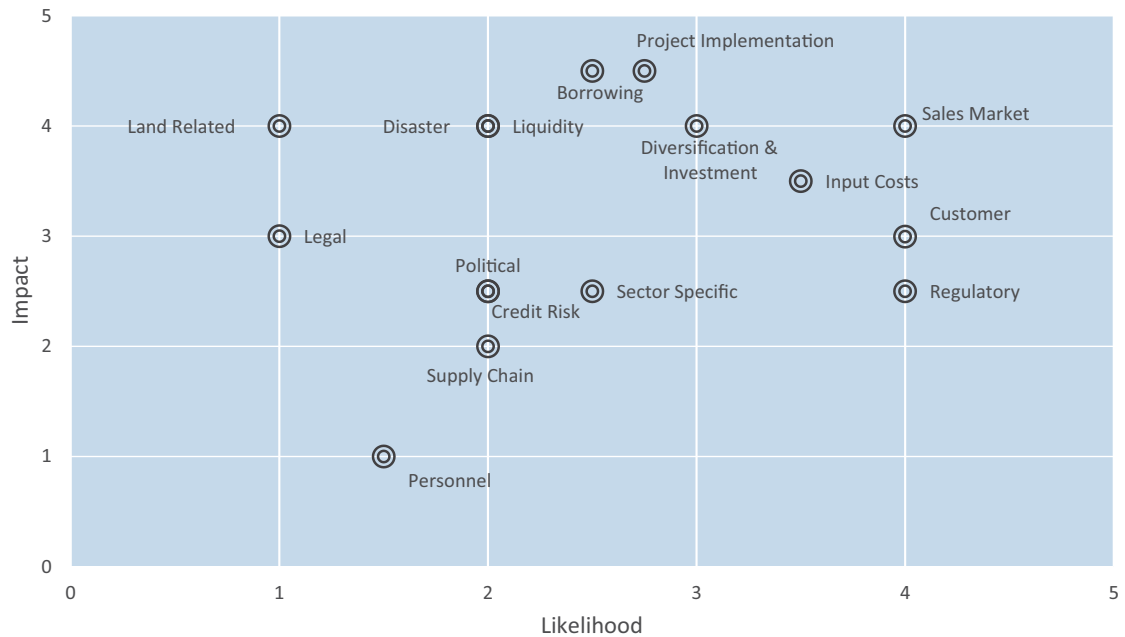


## Risk Interaction:

The risks faced by a company are not mutually exclusive. The following table depicts the interplay of the various risks.

Risk	Economic Growth	Purchasing Power	Customer Preference	One Customer Dependency	Availability of loans	Interest Rate	Availability of land	Regulatory Approvals	Project Implementation	Inflation	Manpower	Competition
Economic Growth		✓	✓	-	✓	✓	-	-	-	✓	✓	-
Purchasing Power	✓		✓	-	✓	✓	-	-	-	✓	✓	✓
Customer Preference	✓	✓		✓	-	✓	✓	-	-	✓	-	✓
One Customer Dependency	✓	-	✓		-	-	-	-	✓	-	-	✓
Availability of Loans	✓	-	-	-		✓	-	-	✓	✓	-	-
Interest Rate	✓	✓	✓	-	✓		-	-	✓	✓	-	-
Availability of Land	-	✓	✓	-	-	-		✓	-	-	-	✓
Regulatory Approvals	-	-	-	-	-	-	✓		✓	-	-	-
Project Implementation	✓	-	-	✓	✓	✓	-	✓		✓	✓	✓
Inflation	✓	✓	✓	-	✓	✓	-	-	✓		-	-
Manpower	✓	✓	-	-	-	-	-	-	✓	-		✓
Competition	✓	✓	✓	✓	-	-	✓	-	✓	-	✓	

The various risks faced by SOBHA, likelihood and impact of these risks are mapped below:



The Company has a Risk Management Committee to evaluate the risks in each category. The Committee assists the Audit Committee in identifying and assessing the risks to design appropriate mitigation mechanisms. The Audit Committee reviews and advises the management on risks in each category, the exposure and on the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures, ensuring that the overall risk exposure is within the capacity and appetite of the Company. The Board of Directors of the Company are also apprised of the risks faced by the Company and the timely risk management measures taken to mitigate them.

# Operational and Financial Analysis

Year 2016-17 has witnessed several structural reforms in the Indian economy. These reforms include the Real Estate (Regulation and Development) Act, 2016 (RERA), Goods and Services Tax (GST) Act and demonetisation of high-value currency notes. The real estate sector, in particular, saw many ups and downs during the year. Despite significant challenges due to demonetisation, the Company showed remarkable resilience in bouncing back with a very strong performance in operational and the financial parameters. The Company continues to prepare itself to face the challenges of the post-RERA regime with confidence, as all its projects are currently being executed within the given time frame. SOBHA welcomes and supports these reforms, as they will help bring transparency, ease of doing business and substantial benefits to consumers as well as organised developers.

Overall, the Company witnessed a healthy growth in the year, which reflects its ability to withstand adversity and continue to excel, delivering international quality products timely and creating customer delight. Our operational performance, financial performance and cash flows were good.

In this backdrop, we present our financial and operational performance for 2016-17.

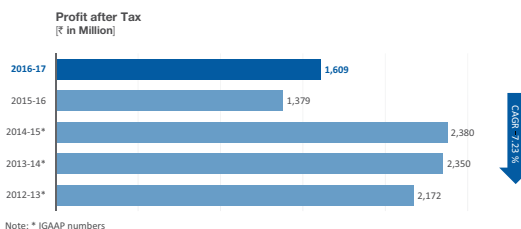
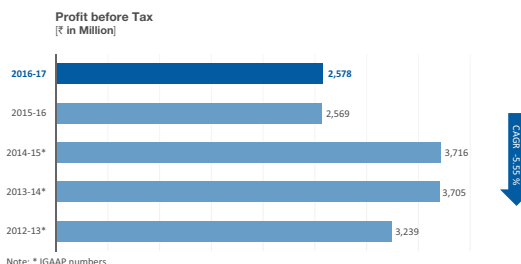
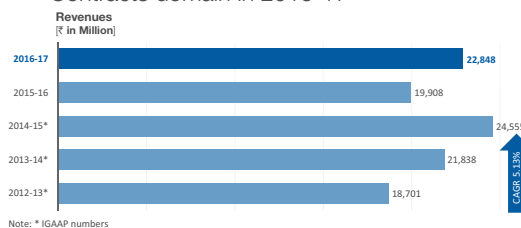
## Following are the key financial takeaways for fiscal 2016-17

- Registered a turnover of ₹ 22.85 billion
- ₹ 14.88 billion of revenues from real estate operations
- ₹ 7.58 billion of revenues from contracts and manufacturing operations and ₹ 0.39 billion of revenue from Other Income
- PBT of ₹ 2.58 billion
- PAT of ₹ 1.61 billion
- Collections of ₹ 25.66 billion
- Net operational cash flows at ₹ 3.00 billion after meeting interest and tax expenses
- Total sales value of ₹ 20.12 billion including share of JD partner and SOBHA's share of ₹ 18.66 billion

- Price realisation of ₹ 6,704 per square feet including share of JD partners and SOBHA's share of ₹ 6,216 per square feet
- Debt equity ratio as on March 31, 2017 is 0.78
- Credit rating – ICRA (A) (Stable)

## On operational parameters, the Company

- Developed 86.73 million square feet of total area since its inception
- Execution of 49.36 million square feet of total area in progress
- Executed over 35 million square feet in cumulative for its single largest contractual customer
- Completed a cumulative of 406 projects in the Real Estate and Contracts domain
- Execution presence of Real Estate and Contractual projects in 26 cities covering 13 states in India
- Completed 17 projects measuring a total area of 5.09 million square feet in the Real Estate and Contracts domain in 2016-17



## New Sales

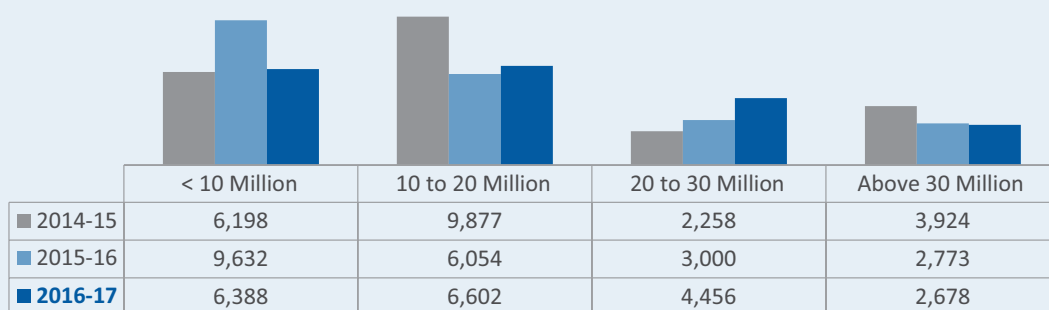
With robust technology and stringent processes, SOBHA has introduced world-class standards in the construction sector. The average value of its product size stands at ₹ 38 lakh in the Dream Series to ₹ 8.10 crore in the Luxury segment.

During financial year 2016-17, the Company's new sales of SBA was 3.00 million square feet valued at ₹ 20.12 billion at an average price realisation of ₹ 6,704 per square feet, of which SOBHA's share of sale value was ₹ 18.66 billion at an average price realisation of ₹ 6,216 per square feet.

The classification of new sales in terms of price band is as follows:

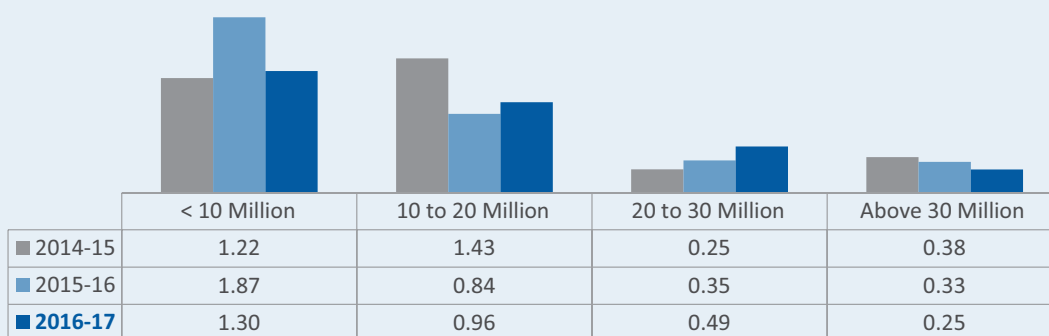
### Sales Value in terms of Price Band

[₹ million]



### SBA Sold in terms of Price Band

[in million square feet]



## Inventory Break-up

The location wise inventory details are given below:

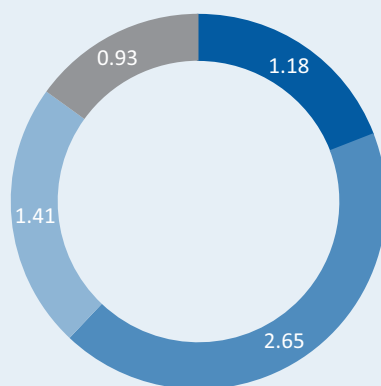
SBA in million square feet

Locations	Stock available for sale	Area sold during FY 16-17	Closing stock as on March 31, 2017	Area not offered for sale	Net unsold stock as on March 31, 2017
Bangalore	10.12	2.26	7.86	5.28	2.58
Gurgaon (NCR)	4.89	0.23	4.66	3.81	0.85
Chennai	0.39	0.18	0.21	-	0.21
Thrissur	0.13	0.08	0.05	-	0.05
Pune	0.39	0.05	0.34	-	0.34
Coimbatore	0.31	0.03	0.28	-	0.28
Calicut	0.43	0.03	0.40	-	0.40
Cochin	3.93	0.07	3.87	2.60	1.27
Mysore	0.27	0.08	0.19	-	0.19
<b>Total</b>	<b>20.86</b>	<b>3.00</b>	<b>17.86</b>	<b>11.69</b>	<b>6.17</b>

Note: Closing stock includes 0.27 million square feet of unsold inventory from completed projects which includes 0.07 million square feet of plotted developments.

### Unsold Inventory Break-up

Area Released for Sale (6.17 million square feet)

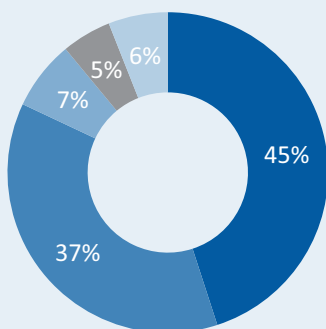


- < 10 Million
- 10 to 20 Million
- 20 to 30 Million
- Above 30 Million

## Our Customers

The product-mix offered by the Company has been well accepted by its customers. The Company, on an on-going basis does an analysis of its customer base and this analysis reveals that the customer profile has a healthy mix, comprising IT/ITES professionals, non-IT professionals, entrepreneurs and other professionals. About 82 per cent of our customers fall in the salaried category, which includes 45 per cent from IT / ITES and 37 per cent from non-IT industries. In addition to this, 7 per cent of customers are from the Business and Entrepreneur category.

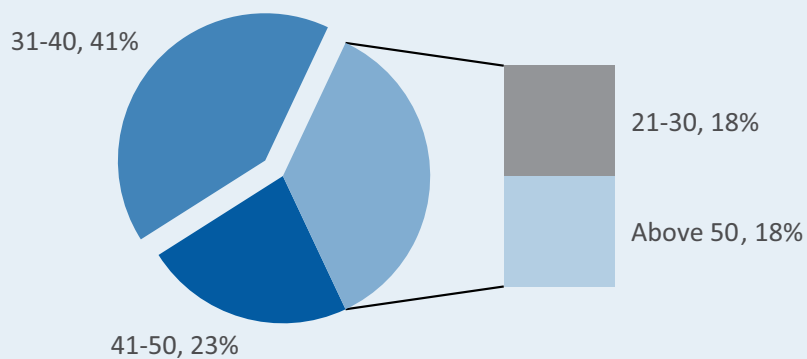
### Profession Profile



- IT / ITES Professionals
- Non-IT Professionals
- Business / Entrepreneurs
- Medical / Pharmaceutical
- Others\*

\* Others include agriculturists, government employees etc.

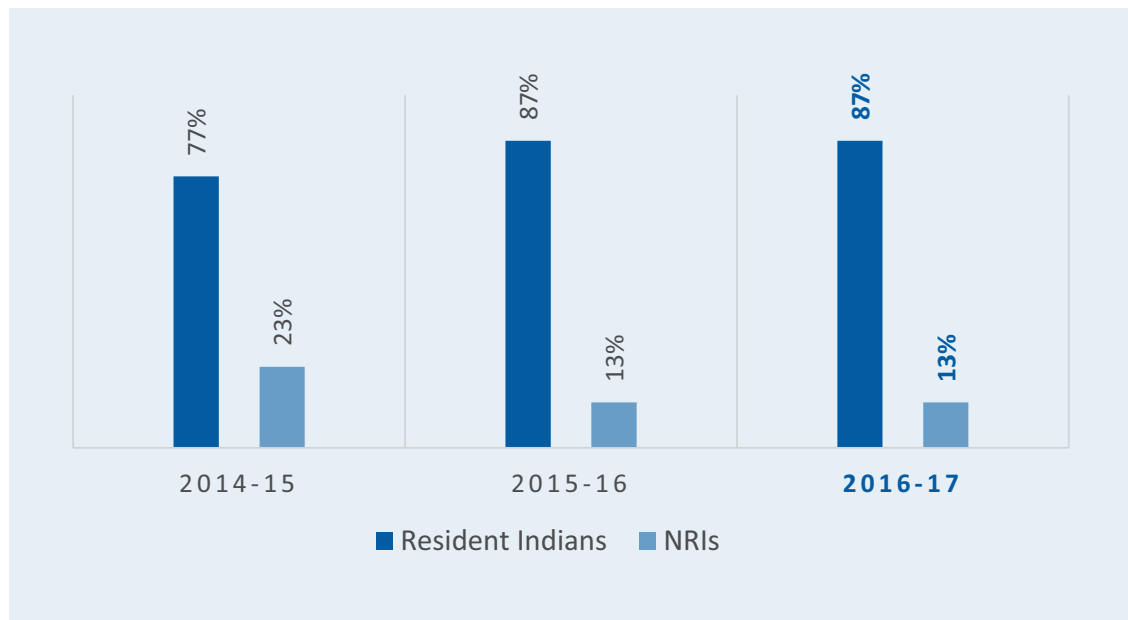
### Age Profile





SOBHA operates a representative office in Dubai and a branch office in Singapore to market the Company's products among the NRI /NR community. However, resident Indians continue to dominate its overall customer profile.

A comparative position of the customer base is provided below:



## Real Estate

Customer centricity is at the core of our business strategy in addition to the Company's ability to consistently deliver quality products in the real estate space. The real estate operations of the Company are currently spread across nine cities.

Following is the performance of the Real Estate Vertical:

Particulars	₹ in million	
	2016-17	2015-16
Revenue	14,884	13,124.55
Share of Revenue (%)	65.14	65.92

The CAGR in the revenue for the Real Estate vertical from last two years is 2.74 per cent. The share of real estate's revenue in the overall revenue was maintained at almost the same level as in the previous year.

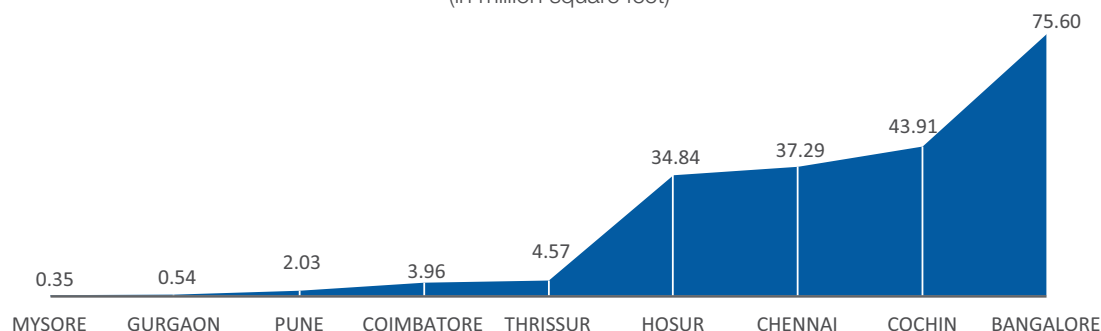
## Land Portfolio

Land portfolio is a distinguishing asset for a real estate company. The ability to acquire appropriate land parcels at strategic places and at competitive prices or enter into joint developments for future launches help maximise profits for the Company. The Company, along with group/associate companies, has a land portfolio comprising of 2,444 acres wherein the Company holds an economic interest in 2,358 acres. The major part of the land portfolio has already been paid for. An amount of ₹ 2,522 million is payable as a part of its commitments to acquire economic interests. The overall cost per square feet of the land portfolio is ₹ 231.

The location wise distribution of the land portfolio is given below:

### Sobha Share of Developable Area

(in million square feet)



### Project Launches

During the year, the Company launched the following real estate projects:

- SOBHA Palm Court in Bangalore with a total saleable area of 0.51 million square feet.
- Marina One in Cochin with a total saleable area of 3.20 million square feet (co-ownership share of 50 per cent with Puravankara Projects Ltd.).

### Contracting

The Contracting and Manufacturing Division of SOBHA is contributing around 30 per cent to the Company's topline. The Contracts vertical has been executing orders ranging from civil structures, finishes, MEP works, metal and glazing works and interior furnishings for various reputed clients. With 8.81 million square feet of contractual orders under progress and unbilled contractual orders of approximately ₹ 5.23 billion pending to be executed as at March 31, 2017, the contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts vertical:

	₹ in million				
	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue	4,404.63	3,902.06	5,718.58	4,445.06	3,013.06
Share of Revenue (%)	19.28	20.77	23.29	20.36	16.11

The CAGR in revenues from contracts vertical over the past 5 years is 9.96 per cent.

### Manufacturing

SOBHA is one of the few backward integrated real estate companies in the country which has the capabilities, skills and resources to deliver a project from conceptualisation to completion. Backward integration support with quality products and services required for the construction and development of a project meet our desired quality and agreed delivery schedules. Backward integration also ensures that the products are superior in quality and the Company has a reduced dependence on external suppliers. The Company believes that the backward integration model has been one of the important factors for its successful execution track record without compromising on quality.

Our backward integration model comprises Glazing and Metal Works, Interiors and Furnishing Works and Concrete Works, which supplement our core business of real estate and contracting. Each of these manufacturing divisions is a profit centre by itself and is efficiently and professionally managed.

## The Glazing and Metal Works Division

The Company owns one of the largest glazing and metal factories in India. The facility is spread across 7.3 acres of land with a 2,322 sq. m (25,000 sq. ft) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 sq. m (120,000 sq. ft) space facility. The factory is equipped with advanced machineries like the CNC profile cutting machine, TIG welding machines, ACP routing machines and milling machines. Apart from the Bangalore unit, the Company has established Glazing and Metal Works Divisions in Chennai and Sonepat. The products manufactured in these facilities include aluminium doors, windows, structural glazing, MS and SS metal fabrications, aluminium composite panels, SS cladding, architectural metal works and pre-engineered buildings.

## Interiors Division

The Interior and Furnishing Division of the Company is one of the largest wood working /joinery facilities in India. The division has two highly mechanised factories with total floor area of 2,55,000 square feet located at Bommasandra, Bangalore. The division

is equipped with imported machineries from Spain, Italy and Germany. The Company has an Interiors Division in Alwar also. The product range includes large scale corporate and residential interiors, solid wood veneer panelled doors and MDF panelled doors, customised joinery works like panelling, partitions, tables, loose furniture like chairs, sofas, cots and modular kitchens.

## Concrete Products Division

The Company has a fully automated Concrete Products Division which uses remote controlling systems. The manufacturing facility in Bangalore spread over 32,000 sq. m (8 acres) manufactures concrete products of international quality. The unit has imported technologies from Germany (Masa Plant) and England. In addition, the Company has opened Concrete Products Divisions in Gurgaon and Pune. The units are manufacturing ready-to-use products including concrete blocks, pavers, kerb stones, water drainage channels, paving slabs and related landscape. The facility has a production capacity of 28,000 blocks/ day or 20 mn landscaping products.

Following is the performance of the Manufacturing Vertical:

	₹ in million				
Sales	2016-17	2015-16	2014-15	2013-14	2012-13
Glazing and Metal Works Division	1,486.06	1,115.08	1,215.07	1,239.24	756.44
Interiors Division	930.11	922.68	801.71	580.81	556.33
Concrete Products Division	270.00	264.55	229.28	184.90	164.29
<b>Total</b>	<b>2,686.17</b>	<b>2,302.31</b>	<b>2,246.06</b>	<b>2,004.94</b>	<b>1,477.06</b>
Share of Revenue (%)	11.76%	11.56%	9.15	9.18	7.90

The CAGR in revenues from manufacturing vertical over the past 5 years is 16.13 per cent.

## Cash Flows

The cash flow summary for financial year 2016-17 under the direct cash flow method is as follows:

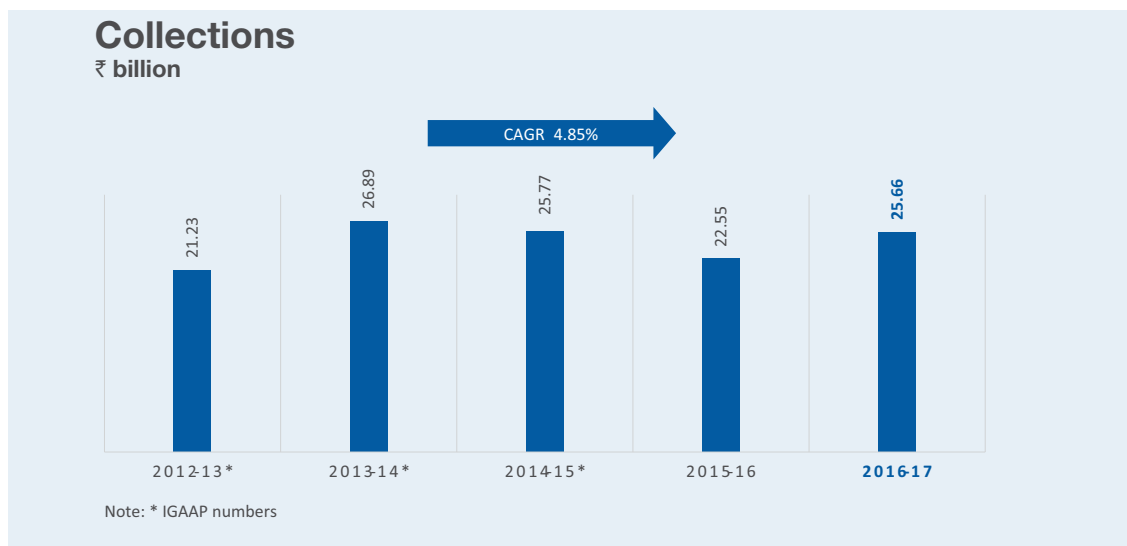
	₹ in million
Particulars	2016-17
Operational Cash inflow	25,661
Operational Cash outflow	19,074
Net Operational Cash inflow	6,587
Financial Out Flow (Interest and Taxes)	3,589
Net Operational Cash inflow after Financial outflow	2,998

The Company collected ₹ 25.66 billion during the year from real estate, contractual and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. The net operating cash inflows were ₹ 6,587 million.

Out of the above, the Company utilised ₹2,761 million towards payment of interest and ₹ 828 million for income taxes. This leads to a surplus of ₹ 2,998 million.

The Company spent ₹ 1,365 million towards land payments during the year. In addition to this, the Company incurred ₹ 255 million towards capex expenditure, ₹ 152 million towards CSR contribution and ₹ 814 million for dividend (including dividend tax) and buyback payments.

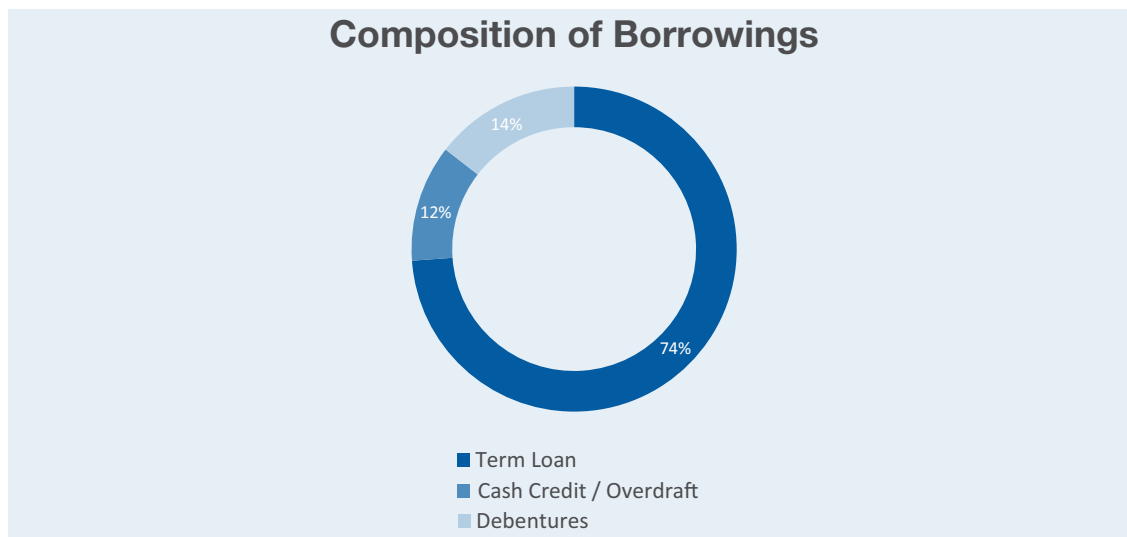
The Cash Flow Statement prepared as per the Indirect Method forms part of the Financial Statements.



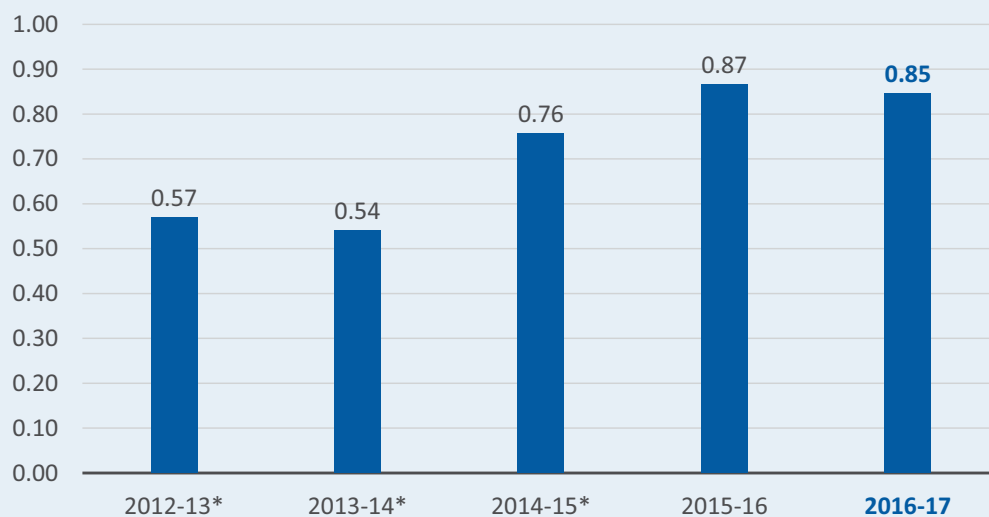
## Debt

The Company seeks to maintain an optimum balance between low-cost debt and relatively higher cost equity. Debt financing is utilised for execution of various projects viz. residential, commercial and contractual and to finance the acquisition of land parcels for future development.

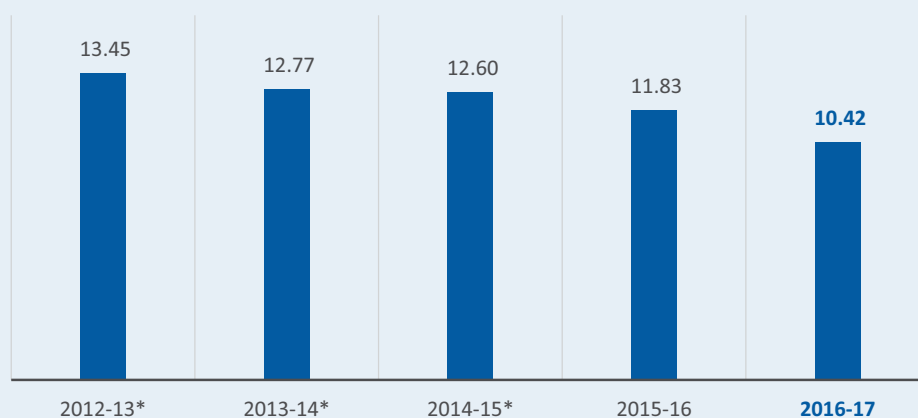
As on March 31, 2017, the net debt of the Company was ₹ 22,395 million as compared to ₹ 22,209 million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities in Bangalore and Gurgaon. As a consequence, the debt-equity ratio was 0.85 at the close of the financial year.



### Debt Equity



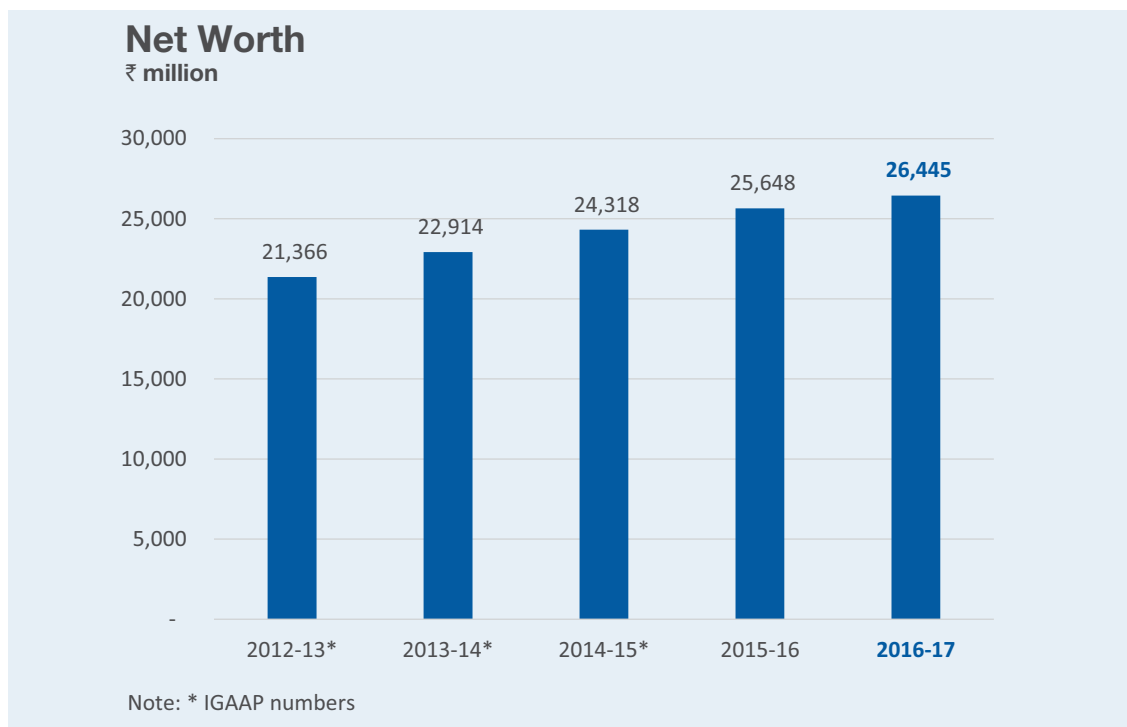
### Borrowing Cost



During the year the borrowings of the Company were rated by ICRA as A (Stable).

## Net Worth

The net worth of the Company as on March 31, 2017 was ₹ 26,445 million.



The compounded annual rate of growth in net worth over the past four financial years is 5.48 per cent.

## Fixed Assets

During financial year 2016-17, the gross addition to fixed assets was ₹ 64.84 million. About 6.09 per cent of gross block addition was on account of investments in scaffolding items and 27.33 per cent on account of additions to plant and machinery.

## Current Assets

During financial year 2016-17, the current assets increased by ₹ 8,856 million as compared to the previous year. This was mainly on account of an increase in inventories by ₹ 8,310 million and land advances decreasing by ₹ 1,429 million.

## Current Liabilities

During financial year 2016-17, the current liabilities increased by ₹ 7,871 million. This was on account of an increase in short term borrowings.

## Dividends

The Company aims to follow consistent dividend payout while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of dividends. The Company has been paying dividend in the range of 25-35 per cent of its profits.

The Board of Directors has recommended a dividend of ₹ 2.50 per equity share for the year.

# Chief Executive Officer and Chief Financial Officer Certificate

[As per Regulation 17 of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

We certify that:

- A. We have reviewed financial statements and the cash flow statement for the quarter and financial year ended March 31, 2017 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the quarter and financial year ended March 31, 2017;
  - (2) significant changes in accounting policies during the quarter and financial year ended March 31, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting



Bangalore  
May 16, 2017

Subhash Mohan Bhat  
Chief Financial Officer



J C Sharma  
Vice Chairman and Managing Director



# INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sobha Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) 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:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
    - iv. The Company has provided requisite disclosures in Note 13 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except

for the segregation between SBNs and other denominations upon which we are unable to comment on in the absence of necessary details, we report that the amounts disclosed in the said note is in accordance with the books of account maintained by the Company and produced to us for verification.

### Other Matter

We did not audit the financial information as regards Company's share in loss of partnership firm (post tax) amounting to ₹ 108.97 million for the year ended March 31, 2017. The financial information has been audited by other auditors whose reports have been

furnished to us, and the Company's share in profits of partnership firm investments has been included in the accompanying standalone Ind AS financial statements solely based on the report of other auditors. Our opinion is not modified in respect of this matter.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place: Bengaluru, India  
Date: May 16, 2017

## Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Sobha Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company had subscribed to unsecured debentures to one party covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant for such debentures are not prejudicial to the Company's interest.
- (b) The unsecured debentures are compulsorily convertible into equity shares on expiry of 19 years from date of issue or on happening of certain events. The Company has sold such debentures during the year in accordance with the terms as stipulated in the agreement. The payment of interest is regular as per the agreed terms.
- (c) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	26.92	2002-04	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	30.68	1998-06	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	25.60	2008-09	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	28.62	2009-10	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	67.71	2010-11	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	43.98	2011-12	High Court
Kerala Sales Tax Act	Basis of charge of sales tax	20.97	2012-13	Deputy Commissioner (Appeals)
Kerala Sales Tax Act	Basis of charge of sales tax	29.66	2013-14	Deputy Commissioner (Appeals)
Tamil Nadu Value Added Tax Act	Basis of charge of sales tax	78.11	2013-14	The Appellate Deputy Commissioner
Tamil Nadu Value Added Tax Act	Basis of charge of sales tax	38.37	2014-15	The Appellate Deputy Commissioner
The Maharashtra Value Added Tax Act	Basis of charge of sales tax	5.87	2008-09	Joint Commissioner of Sales Tax Appeal
The Maharashtra Value Added Tax Act	Basis of charge of sales tax	2.91	2009-10	Joint Commissioner of Sales Tax Appeal
The Maharashtra Value Added Tax Act	Basis of charge of sales tax	6.22	2010-11	Joint Commissioner of Sales Tax Appeal
Income Tax Act	Differential tax treatment	1.65	1999-01	High Court
Income Tax Act	Differential tax treatment	1.89	1999-01	Income Tax Appellate Tribunal
Income Tax Act	Disallowances	10.40	2008-09	Commissioner of Income Tax (Appeal)
Income Tax Act	Disallowances	4.60	2007-11	Additional Commissioner of Income Tax
Income Tax Act	Disallowances	153.21	2005-07	High Court
Income Tax Act	Disallowances	1,330.07	2006-14	Commissioner of Income Tax (Appeal)
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	790.44	2006-07	Supreme Court
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	119.32	2008-11	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	387.07	2006-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	67.72	2012-13	Commissioner of Central Excise and Service Tax (LTU)
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	0.33	2008-11	Commissioner of Central Excise and Service Tax (Appeals)
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty demand	6.00	2013-16	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty demand	4.75	2013-15	Commissioner of Central Excise

\* Net of ₹ 425.33 million, paid under protest.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of Non-convertible debentures and term loans (representing loans

with a repayment period beyond 36 months) for the purposes for which they were raised.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the

balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place: Bengaluru, India  
Date: May 16, 2017

## **Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Sobha Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Sobha Limited

We have audited the internal financial controls over financial reporting of Sobha Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership Number: 209567

Place: Bengaluru, India  
Date: May 16, 2017

# Sobha Limited

## Standalone Balance sheet as at March 31, 2017

	Notes	As at 31-Mar-17 ₹ million	As at 31-Mar-16 ₹ million	As at 01-Apr-15 ₹ million
<b>Assets</b>				
<b>Non- current assets</b>				
Property, plant and equipment	4.1	3,166.26	3,718.60	3,058.77
Capital work-in-progress	4.2	799.06	454.30	524.45
Intangible assets	5	1.92	4.63	12.92
Financial assets				
Investments	7	3,907.97	3,569.57	2,486.24
Trade receivables	8	143.33	265.41	196.84
Other non-current financial assets	10	521.81	605.61	432.45
Other non-current assets	11	4,201.57	4,040.48	3,902.20
Deferred tax assets (net)	12	-	62.96	193.20
		<b>12,741.92</b>	<b>12,721.56</b>	<b>10,807.07</b>
<b>Current assets</b>				
Inventories	6	48,551.84	40,911.40	34,704.73
Financial assets				
Trade receivables	8	1,952.67	2,438.32	1,871.53
Cash and cash equivalents	13	934.70	1,084.83	973.37
Bank balance other than cash and cash equivalents	13	227.27	50.20	222.04
Loans	9	-	-	47.11
Other current financial assets	10	8,342.53	6,532.09	6,458.77
Other current assets	11	14,636.71	15,863.00	14,896.21
		<b>74,645.72</b>	<b>66,879.84</b>	<b>59,173.76</b>
<b>Total assets</b>		<b>87,387.64</b>	<b>79,601.40</b>	<b>69,980.83</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	14	963.05	980.64	980.64
Other equity	15	24,182.63	23,573.78	23,154.95
<b>Total equity</b>		<b>25,145.68</b>	<b>24,554.42</b>	<b>24,135.59</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	17	3,679.33	4,771.13	1,949.47
Other non-current financial liabilities	18	1.52	101.72	101.72
Long term provisions	19	161.37	147.47	122.86
Deferred tax liabilities (net)	20	2,231.67	2,250.00	1,442.65
		<b>6,073.89</b>	<b>7,270.32</b>	<b>3,616.70</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	17	17,715.82	15,915.20	15,992.21
Trade payables	21	7,716.61	3,148.37	3,696.53
Other current financial liabilities	18	3,545.89	3,058.06	1,530.14
Other current liabilities	22	26,700.71	25,395.64	20,427.89
Liabilities for current tax (net)		378.16	149.33	472.32
Provisions	19	110.88	110.06	109.45
		<b>56,168.07</b>	<b>47,776.66</b>	<b>42,228.54</b>
<b>Total liabilities</b>		<b>62,241.96</b>	<b>55,046.98</b>	<b>45,845.24</b>
<b>Total equity and liabilities</b>		<b>87,387.64</b>	<b>79,601.40</b>	<b>69,980.83</b>

Summary of significant accounting policies

2.2

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

## Sobha Limited

### Statement of profit and loss for the year ended March 31, 2017

	Notes	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Revenue from operations	23	21,920.38	19,206.60
Other income	24	27.89	62.33
Finance income	25	325.45	252.47
<b>Total income</b>		<b>22,273.72</b>	<b>19,521.40</b>
<b>Expenses</b>			
Land purchase cost		7,129.36	6,094.11
Cost of raw materials and components consumed	26	1,980.42	1,605.45
Purchase of project materials		5,462.05	3,745.25
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	27	(7,526.82)	(6,505.54)
Excise duty on sale of goods		170.85	133.57
Subcontractor and other charges		5,848.49	5,233.05
Employee benefits expense	28	1,779.35	1,761.83
Depreciation and amortization	29	599.88	585.84
Finance cost	32	1,478.62	1,529.22
Other expenses	30	3,101.97	3,027.59
<b>Total expenses</b>		<b>20,024.17</b>	<b>17,210.37</b>
<b>Profit before tax</b>		<b>2,249.55</b>	<b>2,311.03</b>
Tax expenses			
Current tax	20	866.45	255.03
Deferred tax charge/ (credit)	20	(19.04)	808.33
<b>Income tax expense</b>		<b>847.41</b>	<b>1,063.36</b>
<b>Profit for the year</b>		<b>1,402.14</b>	<b>1,247.67</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plan		2.04	(2.82)
Income tax effect		(0.71)	0.98
<b>Other comprehensive income for the year, net of tax</b>		<b>1.33</b>	<b>(1.84)</b>
<b>Total comprehensive income for the year</b>		<b>1,403.47</b>	<b>1,245.83</b>
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>	36		
Basic and Diluted		14.47	12.73

Summary of significant accounting policies

2.2

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

Place: Bengaluru, India  
Date: May 16, 2017

Place: Bengaluru, India  
Date: May 16, 2017

**Sobha Limited**  
**Standalone statements changes in equity for the year ended March 31, 2017**

**a. Equity share capital\***

Equity shares of ₹ 10 each issued, subscribed and fully paid	No of Shares in million	Amount in ₹ million
<b>At April 1, 2015</b>	98.06	980.64
<b>At March 31, 2016</b>	98.06	980.64
Less : Buy back of equity shares (Refer note 14 and 15)	(1.76)	(17.59)
<b>At March 31, 2017</b>	<b>96.30</b>	<b>963.05</b>

**b. Other equity\***

Also refer note 14

For the year ended March 31, 2017

Attributable to equity holders of the Company						₹ million
	Reserves and Surplus					Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	
As at April 1, 2016	87.29	10,497.27	117.14	2,447.36	10,424.72	23,573.78
Profit for the year	-	-	-	-	1,402.14	1,402.14
Other comprehensive income						
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	1.33	1.33
Transfer to other reserves						
Capital redemption reserve (refer note 15)	17.59	-	-	-	(17.59)	-
Debenture redemption reserve	-	-	311.54	-	(311.54)	-
General reserve	-	-	-	140.21	(140.21)	-
Total comprehensive income	104.88	10,497.27	428.68	2,587.57	11,358.85	24,977.25
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(231.68)	(231.68)
Premium on buy back of equity shares	-	(562.94)	-	-	-	(562.94)
At March 31, 2017	104.88	10,479.68	428.68	2,587.57	11,127.17	24,182.63

# Sobha Limited

## Standalone statements changes in equity for the year ended March 31, 2017

For the year ended March 31, 2016

Attributable to equity holders of the Company						₹ million
Reserves and Surplus						Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	
As at April 1, 2015	87.29	10,497.27	-	2,310.44	10,259.95	23,154.95
Profit for the year	-	-	-	-	1,247.67	1,247.67
Other comprehensive income						
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	(1.84)	(1.84)
Transfer to other reserves						
Debenture redemption reserve	-	-	117.14	-	(117.14)	-
General reserve	-	-	-	136.92	(136.92)	-
Total comprehensive income	87.29	10,497.27	117.14	2,447.36	11,251.72	24,400.78
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(827.00)	(827.00)
At March 31, 2016	87.29	10,497.27	117.14	2,447.36	10,424.72	23,573.78

\*Also refer note 15

Summary of significant accounting policies

2.2

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Subhash Bhat  
Chief Financial Officer

Vigneshwar G Bhat  
Company Secretary and  
Compliance Officer

Place: Bengaluru, India  
Date: May 16, 2017

## Sobha Limited

### Standalone statement of Cash Flows for the year ended March 31, 2017

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>2,249.55</b>	<b>2,311.03</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	596.73	576.48
Amortisation of intangible assets	3.15	9.36
(Gain)/ loss on disposal of property, plant and equipment	0.18	9.50
Finance income (including fair value change in financial instruments)	(325.45)	(252.47)
Finance costs (including fair value change in financial instruments)	1,314.93	1,353.68
Bad debts/ advances written off and provided for	2.36	-
Share of (profit)/ loss from investment in partnership firm	108.97	(83.35)
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	605.37	(635.36)
(Increase)/ decrease in inventories	(7,865.90)	(2,592.59)
(Increase)/ decrease in other financial assets	(1,818.27)	(83.00)
(Increase)/ decrease in loans	-	47.11
(Increase)/ decrease in other assets	2,269.07	(108.81)
Increase/ (decrease) in trade payables and other financial liabilities	5,408.97	435.06
Increase/ (decrease) in provisions	14.72	25.22
Increase/ (decrease) in other non-financial liabilities	1,530.53	1,353.67
	4,094.91	2,365.53
Income tax paid (net of refund)	(574.66)	(447.78)
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>3,520.25</b>	<b>1,917.75</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(316.24)	(1,069.68)
Proceeds from sale of property, plant and equipment	0.25	-
Amount contributed to partnership current account	(299.09)	(1,199.98)
Additional investment in Sobha Highrise Ventures Private Limited	(346.78)	-
Proceeds from redemption of debentures	198.50	200.00
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(85.44)	8.36
Interest received	333.74	259.66
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>(515.06)</b>	<b>(1,801.64)</b>

## Sobha Limited

### Standalone statement of Cash Flows for the year ended March 31, 2017

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Financing activities</b>		
Proceeds from long-term borrowings	300.00	4,299.97
Repayment of long-term borrowings	(1,832.61)	(990.99)
Proceeds from short-term borrowings	13,262.22	8,960.35
Repayment of short-term borrowings	(11,477.93)	(9,102.22)
Buy back of equity shares	(580.53)	-
Interest paid (gross)	(2,594.39)	(2,344.91)
Dividends paid on equity shares	(192.87)	(686.30)
Tax on equity dividend paid	(39.21)	(140.55)
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>(3,155.32)</b>	<b>(4.65)</b>
Net increase/ (decrease) in cash and cash equivalents	(150.13)	111.46
Cash and cash equivalents at the beginning of the year (refer note 13)	1,084.83	973.37
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>934.70</b>	<b>1,084.83</b>
Summary of significant accounting policies	2.2	

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 1 Corporate Information

Sobha Limited ('Company' or 'SL') was incorporated on August 07, 1995. SL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bangalore. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements are approved for issue by the Company's Board of Directors on May 16, 2017.

Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These standalone financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 46 for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

#### 2 Significant accounting policies

##### 2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian

The standalone financial statements are presented in INR and all values are rounded to the nearest millions, except when otherwise indicated.

The details of investments by the Company in subsidiaries and joint ventures are as follows:

Name of investee	Principal place of business	Percentage of ownership/voting rights		Method of accounting for investment	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Subsidiaries</b>					
Sobha City ['Partnership firm']	India	100%	100%	Cost	Cost
		[Profit sharing ratio]			
Sobha Developers (Pune) Limited	India	100%	100%	Cost	Cost
Sobha Assets Private Limited	India	100%	100%	Cost	Cost
Sobha Highrise Ventures Private Limited	India	100%	50%	Cost	Cost
Sobha Nandambakkam Developers Limited	India	100%	100%	Cost	Cost
Sobha Tambaram Developers Limited	India	100%	100%	Cost	Cost

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 2.2 Summary of significant accounting policies

##### a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account. However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

##### i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

##### ii. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection

will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

##### a. Recognition of revenue from property development

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;
- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- (c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and
- (d) at least 10 % of the contracts/agreements value are realised at the reporting

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

Further, for projects executed through joint development arrangements, wherein the land owner/possessor provides land and the Company undertakes to develop properties on such land and in lieu of land owner providing land, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount

of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as discussed above.

#### **b. Recognition of revenue from sale of land and development rights**

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

#### **iii. Recognition of revenue from manufacturing division**

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

#### **iv. Dividend income**

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

is generally when shareholder approve the dividend.

#### v. Share in profits of partnership firm investments

The Company's share in profits from a firm where the Company is a partner, is recognised on the basis of such firm's audited accounts, as per terms of the partnership deed.

#### vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

#### b) Property, plant and equipment

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015. Property, plant & equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of

the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

**Sobha Limited****Notes to the standalone financial statements for the year ended March 31, 2017****c) Investment properties**

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Previous GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation

performed by an accredited external independent valuer.

Investment properties are de-recognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

**d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

**e) Depreciation on Property, plant and equipment and Investment property**

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Particulars	Useful lives estimated by the management (in years)
<b>Property, plant and equipment</b>	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### f) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an 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 asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the

statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### g) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

#### h) Current versus non-current classification

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

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

A liability is current when:

- It is expected to be settled in normal operating cycle;

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

- 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Company generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e current) since they are payable over the term of the respective projects. Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the Balance sheet date and as non-current, in other cases. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### i) Fair value measurement

The Company measures financial instruments, such as investments at fair value at each balance sheet date.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**j) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets*

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI);
- ▶ Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI).

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

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### Notes to the standalone financial statements for the year ended March 31, 2017

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

#### Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

#### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognised when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred

nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### **Financial liabilities**

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are

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### Notes to the standalone financial statements for the year ended March 31, 2017

incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is due within 12 months after reporting period. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined

as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### k) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

#### l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

statement of profit and loss for the year when the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs,

gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period for which the services are rendered by the employee.

#### n) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**q) Taxes**

Tax expense comprises of current and deferred tax.

*Current income tax*

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing

differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

*Deferred income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- When the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act. MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### r) Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

#### s) Inventories

##### ***Related to contractual and real estate activity***

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.
- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value.

#### **Related to manufacturing activity**

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the

sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

#### **t) Land**

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to land stock under inventories.

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Company under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

#### **u) Leases**

##### **Where the Company is lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

unless there is reasonable certainty that the Company will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### v) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### i) Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

#### b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i) Revenue recognition, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition

of revenue, accounting for unbilled revenue and contract cost thereon for its real estate and contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

For revenue recognition for projects executed through joint development arrangements, refer clause (ii) below as regards estimates and assumptions involved.

**ii) Accounting for revenue and land cost for projects executed through joint development arrangements ('JDA')**

For projects executed through joint development arrangements, as explained in note 2.2(a) under significant accounting policies, the revenue from the development and transfer of constructed area/ revenue sharing arrangement and the corresponding land/ development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the

project. The fair value is estimated with reference to the terms of the JDA (whether revenue share or area share) and the related cost that is allocated to discharge the obligation of the Company under the JDA. Fair value of the construction is considered to be the representative fair value of the revenue transaction and land so obtained. Such assessment is carried out at the launch of the real estate project and is not reassessed at each reporting period. The Management is of the view that the fair value method and estimates are reflective of the current market condition.

**iii) Estimation of net realisable value for inventory property (including land advance)**

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to Land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 4.1 Property, plant and equipment

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	₹ million Total
<b>Cost or valuation</b>										
<b>At 1 April 2015 (Refer Note a)</b>	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77
Additions	-	471.66	5.87	622.08	125.43	2.67	1.74	13.75	2.61	1,245.81
Disposals	-	-	-	(116.78)	(34.47)	(0.54)	-	(1.89)	-	(153.68)
<b>At 31 March 2016</b>	81.90	637.72	1,111.52	1,349.97	873.61	39.48	10.84	35.52	10.34	4,150.90
Additions	-	3.88	3.24	17.72	3.95	0.17	0.12	14.44	1.30	44.82
Disposals	-	-	-	(127.99)	-	-	(0.98)	(0.25)	-	(129.22)
<b>At 31 March 2017</b>	81.90	641.60	1,114.76	1,239.70	877.56	39.65	9.98	49.71	11.64	4,066.50
<b>Depreciation and impairment</b>										
<b>At 1 April 2015</b>	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	39.42	65.57	226.63	205.47	11.00	4.08	19.56	4.75	576.48
Disposals	-	-	-	(107.30)	(34.47)	(0.52)	-	(1.89)	-	(144.18)
<b>At 31 March 2016</b>	-	39.42	65.57	119.33	171.00	10.48	4.08	17.67	4.75	432.30
Charge for the year	-	76.91	54.48	238.68	199.84	7.44	2.13	14.36	2.89	596.73
Disposals	-	-	-	(127.57)	-	-	(0.97)	(0.25)	-	(128.79)
<b>At 31 March 2017</b>	-	116.33	120.05	230.44	370.84	17.92	5.24	31.78	7.64	900.24
<b>Net Book value</b>										
<b>At 31 March 2017</b>	81.90	525.27	994.71	1,009.26	506.72	21.73	4.74	17.93	4.00	3,166.26
<b>At 31 March 2016</b>	81.90	598.30	1,045.95	1,230.64	702.61	29.00	6.76	17.85	5.59	3,718.60
<b>At 1 April 2015 (Refer Note a)</b>	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77

#### Note

a) For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.

#### b) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended March 31, 2017 was ₹ 84.45 million (March 31, 2016 - ₹ 135.05 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 12.45%, which is the effective interest rate of the specific borrowing.

#### c) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 5,038.36 million (March 31, 2016 - ₹ 5,030.22 million) are subject to a first charge to secure the Company's bank loans.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### (d) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Gross block	11.42	11.42	2.55	2.55
Depreciation charge for the year	-	11.42	-	2.55
Accumulated depreciation	11.42	11.42	2.55	2.55
Net book value	-	-	-	-

#### 4.2 Capital work in progress

	₹ million		
	Property, plant and equipment	Investment property under construction	Total
<b>As at 1 April 2015 (refer note a)</b>	5.37	519.08	524.45
- Additions (subsequent expenditure)	1.06	649.06	650.12
- Capitalised during the year	-	(495.86)	(495.86)
- Expenses incurred for Joint owner	-	(224.41)	(224.41)
<b>As at 31 March 2016</b>	<b>6.43</b>	<b>447.87</b>	<b>454.30</b>
- Additions (subsequent expenditure)	-	344.97	344.97
- Capitalised during the year	(0.21)	-	(0.21)
<b>As at 31 March 2017</b>	<b>6.22</b>	<b>792.84</b>	<b>799.06</b>

#### Note:

a) For Capital work in progress existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Company has used Indian GAAP carrying value as deemed costs.

#### 5 Intangible assets

	Software	Intellectual property rights	₹ million Total
<b>Cost</b>			
<b>At 1 April 2015</b>	12.87	0.05	12.92
Purchase	1.07	-	1.07
<b>At 31 March 2016</b>	<b>13.94</b>	<b>0.05</b>	<b>13.99</b>
Purchase	0.44	-	0.44
<b>At 31 March 2017</b>	<b>14.38</b>	<b>0.05</b>	<b>14.43</b>
<b>Amortization and impairment</b>			
<b>At 1 April 2015</b>	-	-	-
Charge for the year	9.31	0.05	9.36
<b>At 31 March 2016</b>	<b>9.31</b>	<b>0.05</b>	<b>9.36</b>
Charge for the year	3.15	-	3.15
<b>At 31 March 2017</b>	<b>12.46</b>	<b>0.05</b>	<b>12.51</b>
<b>Net Book value</b>			
<b>At 31 March 2017</b>	<b>1.92</b>	<b>-</b>	<b>1.92</b>
<b>At 31 March 2016</b>	<b>4.63</b>	<b>-</b>	<b>4.63</b>
<b>At 1 April 2015</b>	<b>12.87</b>	<b>0.05</b>	<b>12.92</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 6 Inventories (valued at lower of cost and net realizable value)

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Raw materials and components	388.67	275.05	322.19
Building materials	126.09	56.33	17.20
Land stock *	8,908.07	7,400.21	8,325.25
Work-in-progress *	37,587.13	32,250.32	25,636.29
Stock in trade - flats *	1,480.08	881.30	358.85
Finished goods	61.80	48.19	44.95
	<b>48,551.84</b>	<b>40,911.40</b>	<b>34,704.73</b>

\* Carrying amount of inventories pledged as securities against borrowings as at March 31, 2017 - ₹ 12,028.24 million (March 31, 2016 - ₹ 15,621.86 million)

#### 7 Investments

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non-current investments:</b>			
<b>Investments carried at cost</b>			
<b>Unquoted equity shares</b>			
<i>Investment in subsidiaries</i>			
199,999 (March 31, 2016 - 100,000; April 1, 2015 - 100,000) Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	1.00	1.00
1 (March 31, 2016 - Nil; April 1, 2015 - Nil) Class B equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	-	-	-
10,200,000 (March 31, 2016 - Nil; April 1, 2015 - Nil) Class C equity shares of ₹ 33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	-	-
2,500,000 (March 31, 2016 - 2,500,000; April 1, 2015 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00	25.00
526,320 (March 31, 2016 - 526,320; April 1, 2015 - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41	986.41
50,000 (March 31, 2016 - 50,000; April 1, 2015 - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74	13.74
50,002 (March 31, 2016 - 50,002; April 1, 2015 - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24	2.24
10,000 (March 31, 2016 - 10,000; April 1, 2015 - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10	0.10
<b>Unquoted preference instruments (in the nature of equity)</b>			
<i>Investment in subsidiary</i>			
7,700,000 (March 31, 2016 - 7,700,000; April 1, 2015 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00	77.00

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Investment in the capital of partnership firm (Subsidiary)</b>			
99% (March 31, 2016 - 99%; April 1, 2015 - 99%) share in the profits of partnership firm:			
Sobha City - Capital account	399.99	399.99	399.99
Sobha City - Current account	1,927.53	1,737.41	454.08
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00	128.00
<b>Total investments carried at cost</b>	<b>3,907.79</b>	<b>3,370.89</b>	<b>2,087.56</b>
<b>Investments carried at fair value through profit and loss</b>			
<b>Unquoted equity securities</b>			
<i>Investment in equity instruments</i>			
2,680,000 (March 31, 2016 - 2,680,000; April 1, 2015 - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	0.10	0.10	0.10
<b>Total investments carried at fair value through profit and loss</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
<b>Investments at amortized cost</b>			
<b>Unquoted debt securities</b>			
<i>Investment in subsidiary</i>			
Nil (March 31, 2016 - 1,985,000; April 1, 2015 - 3,985,000) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited*	-	198.50	398.50
<i>Government and trust securities (unquoted)</i>			
National savings certificates	0.08	0.08	0.08
<b>Total investments carried at amortised cost</b>	<b>0.08</b>	<b>198.58</b>	<b>398.58</b>
<b>Total investments</b>	<b>3,907.97</b>	<b>3,569.57</b>	<b>2,486.24</b>
Aggregate amount of unquoted investments	<b>3,907.97</b>	<b>3,569.57</b>	<b>2,486.24</b>
Aggregate amount of impairment in value of investments	-	-	-

\* Series B debentures have been issued at par and are convertible into Class D equity shares respectively in the ratio of two Class D equity shares for each Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series B debentures into Class D equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Details of investments in partnership firms

*Investment in Sobha City*

Name of Partner	Share of partner in profits (%)		
	31-Mar-17	31-Mar-16	1-Apr-15
Sobha Limited	99	99	99
Sobha Developers (Pune) Limited	1	1	1
<b>Total capital of the firm ( ₹ million)</b>	<b>400.00</b>	<b>400.00</b>	<b>400.00</b>

## 8 Trade receivables

₹ million

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Trade receivables	1,952.67	2,438.32	1,816.11	143.33	265.41	196.84
Receivables from other related parties (refer note 33)	-	-	55.42	-	-	-
<b>Total Trade receivables</b>	<b>1,952.67</b>	<b>2,438.32</b>	<b>1,871.53</b>	<b>143.33</b>	<b>265.41</b>	<b>196.84</b>
<i>Trade receivables</i>						
Unsecured, considered good	1,952.67	2,438.32	1,871.53	143.33	265.41	196.84
Unsecured, considered doubtful	-	-	-	22.33	19.97	22.29
	1,952.67	2,438.32	1,871.53	165.66	285.38	219.13
Provision for doubtful trade receivables	-	-	-	(22.33)	(19.97)	(22.29)
	1,952.67	2,438.32	1,871.53	143.33	265.41	196.84
<b>Total Trade receivables</b>	<b>1,952.67</b>	<b>2,438.32</b>	<b>1,871.53</b>	<b>143.33</b>	<b>265.41</b>	<b>196.84</b>

#### Trade receivables include:

₹ million

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Dues from Sobha Highrise Ventures Private Limited in which the Company's director is a director	-	-	55.42	-	-	-

For terms and conditions relating to related party receivables, refer note 33.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 9 Loans (Unsecured, considered good unless otherwise stated)

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Inter-corporate deposit to related party (refer note 33)</b>						
Unsecured, considered good	-	-	47.11	-	-	-
	-	-	47.11	-	-	-

#### Loans due by directors or other officers, etc.

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Inter-corporate deposit to related party</b>						
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member		-	47.11	-	-	-

#### 10 Other financial assets

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Security deposit</b>						
Unsecured, considered good						
Refundable deposit towards joint development agreement	4,082.63	3,369.56	2,353.57	99.22	99.22	97.82
Security deposit - Others	35.43	14.10	49.67	242.51	234.68	226.40
	4,118.06	3,383.66	2,403.24	341.73	333.90	324.22
<b>Others</b>						
Unbilled revenue	4,224.47	3,148.43	4,055.53	-	-	-
Non-current bank balances (refer note 13)				180.08	271.71	108.23
	8,342.53	6,532.09	6,458.77	521.81	605.61	432.45

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 11 Other assets

	₹ million					
	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Capital advances</b>						
Unsecured, considered good				0.71	5.08	20.69
<b>Land advance *</b>						
Unsecured, considered good	12,073.04	13,501.31	12,892.24	3,916.95	3,729.33	3,552.82
<b>Advances recoverable in cash or kind</b>						
Unsecured considered good	1,635.45	1,373.92	1,358.39	83.59	80.97	78.21
<b>Others</b>						
Prepaid expenses	57.92	62.35	37.86	200.32	225.10	250.48
Balances with statutory/ government authorities	645.89	692.72	302.44	-	-	-
Interest accrued on investments	-	8.29	15.48	-	-	-
Other receivables	224.41	224.41	289.80	-	-	-
	<b>14,636.71</b>	<b>15,863.00</b>	<b>14,896.21</b>	<b>4,201.57</b>	<b>4,040.48</b>	<b>3,902.20</b>

\*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

#### Advances recoverable in cash or kind due by directors or other officers etc.

	₹ million					
	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Advances recoverable in cash or kind</b>						
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	519.00	443.31	374.52	-	-	-
Dues from Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited), in which the Company's director is a director and a member	-	24.90	-	-	-	-
Dues from Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited), in which the Company's director is a director	-	18.45	-	-	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	-	78.44	75.82	73.06
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	-	5.15	5.15	5.15

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 12 Deferred tax asset(net)

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
MAT Credit entitlement [net of ₹ 62.96 million (March 31, 2016 - ₹130.24; April 1, 2015 - ₹ Nil) MAT Credit utilised]	-	62.96	193.20
	-	62.96	193.20

#### 13 Cash and bank balances

	31-Mar-17	Current 31-Mar-16	1-Apr-15	31-Mar-17	Non-current 31-Mar-16	1-Apr-15
<b>Cash and cash equivalents</b>						
<i>Balances with banks:</i>						
– On current accounts	832.27	982.72	949.86			
– Deposits with less than three months maturity	-	40.98	-			
Cheques/ drafts on hand	97.49	49.50	16.78			
Cash on hand	4.94	11.63	6.73			
	<b>934.70</b>	<b>1,084.83</b>	<b>973.37</b>			
<b>Bank balance other than cash and cash equivalents</b>						
– Deposits with maturity for more than 12 months	184.19	-	-	165.66	-	-
– On unclaimed dividend account	1.76	2.16	2.01	-	-	-
– Margin money deposit	41.32	48.04	220.03	14.42	271.71	108.23
	<b>227.27</b>	<b>50.20</b>	<b>222.04</b>	<b>180.08</b>	<b>271.71</b>	<b>108.23</b>
Less: Amount disclosed under non-current financial assets (refer note 10)				(180.08)	(271.71)	(108.23)
	<b>1,161.97</b>	<b>1,135.03</b>	<b>1,195.41</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 55.74 million (March 31, 2016 - ₹ 319.75 million, April 1, 2015 - ₹ 328.26 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

#### Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

Particulars	SBN's	Other denomination notes *	Total
Closing cash in hand as on November 8, 2016	4.75	2.32	7.07
(+) Cash withdrawal	-	10.30	10.30
(+) Permitted receipts	-	3.08	3.08
(-) Permitted payments	-	12.54	12.54
(-) Amount deposited in banks	4.75	-	4.75
Closing cash in hand as on December 30, 2016	-	3.16	3.16

\*Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016.

These are general receipts and payments of other denomination notes.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<i>Balances with banks:</i>			
– On current accounts	832.27	982.72	949.86
– Deposits with less than three months maturity	-	40.98	-
Cheques/ drafts on hand	97.49	49.50	16.78
Cash on hand	4.94	11.63	6.73
	<b>934.70</b>	<b>1,084.83</b>	<b>973.37</b>

#### Break up of financial assets carried at amortised cost

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Investments (refer note 7)	0.08	198.58	398.58
Trade receivables (refer note 8)	2,096.00	2,703.73	2,068.37
Loans (refer note 9)	-	-	47.11
Other financial assets (refer note 10)	8,864.34	7,137.70	6,891.22
Cash and Cash equivalents (refer note 13)	1,161.97	1,135.03	1,195.41
<b>Total financial assets carried at amortised cost</b>	<b>12,122.39</b>	<b>11,175.04</b>	<b>10,600.69</b>

Note: Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

## 14 Share Capital

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Authorised shares</b>			
150,000,000 (March 31, 2016 - 150,000,000; April 1, 2015 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00	1,500.00
5,000,000 (March 31, 2016 - 5,000,000; April 1, 2015 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>			
96,304,676 (March 31, 2016 - 98,063,868; April 1, 2015 - 98,063,868) equity shares of ₹10 each fully paid up	963.05	980.64	980.64
Total issued, subscribed and fully paid-up share capital	963.05	980.64	980.64

#### (a) Reconciliation of the shares outstanding at the beginning and end of the reporting year

	31-Mar-17 No of Shares	₹ million	31-Mar-16 No of Shares	₹ million	1-Apr-15 No of Shares	₹ million
<i>Equity shares</i>						
At the beginning of the year	98,063,868	980.64	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-	-	-
Shares bought back during the year	(1,759,192)	(17.59)	-	-	-	-
Outstanding at the end of the year	96,304,676	963.05	98,063,868	980.64	98,063,868	980.64

#### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

In event of liquidation of the Company, the holders of equity shares would 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 shareholders.

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

	31-Mar-17		31-Mar-16		1-Apr-15	
	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>						
Mrs. Sobha Menon	40.35	41.89%	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	17.58	18.26%	17.98	18.34%	17.98	18.34%
Mr. P.N.C. Menon (Inclusive of joint holding with Mrs. Sobha Menon)						
Platinum Asia Fund	6.77	7.03%	6.77	6.91%	6.19	6.30%
Nordea 1 Sicav - Emerging Stars Equity Fund	4.40	4.57%	5.11	5.21%	-	0.00%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

#### 15 Other equity

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Capital redemption reserve</b>		
Balance at the beginning of the year	87.29	87.29
Add: Amount transferred from surplus in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	17.59	-
<b>Closing balance</b>	<b>104.88</b>	<b>87.29</b>
<b>Debenture redemption reserve [Refer note (b) below]</b>		
Balance at the beginning of the year	117.14	-
Add: Amount transferred from surplus balance in the statement of profit and loss	311.54	117.14
<b>Closing balance</b>	<b>428.68</b>	<b>117.14</b>
<b>Securities premium account</b>		
Balance at the beginning of the year	10,497.27	10,497.27
Less: Premium on buy back of equity shares [Refer note (a) below]	(562.94)	-
<b>Closing balance</b>	<b>9,934.33</b>	<b>10,497.27</b>
<b>General reserve</b>		
Balance at the beginning of the year	2,447.36	2,310.44
Add: Transfer from statement of profit and loss	140.21	136.92
<b>Closing balance</b>	<b>2,587.57</b>	<b>2,447.36</b>

**Sobha Limited****Notes to the standalone financial statements for the year ended March 31, 2017**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>₹ million</b>	<b>₹ million</b>
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	10,424.72	10,259.95
Profit for the year	1,402.14	1,247.67
<i>Other comprehensive income</i>		
Re-measurement gains/ (losses) on defined benefit plans	1.33	(1.84)
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 16	(231.68)	(827.00)
Transfer to debenture redemption reserve	(311.54)	(117.14)
Transfer to capital redemption reserve [Refer note (a) below]	(17.59)	-
Transfer to general reserve	(140.21)	(136.92)
<b>Net surplus in the statement of profit and loss</b>	<b>11,127.17</b>	<b>10,424.72</b>
<b>Total other equity</b>	<b>24,182.63</b>	<b>23,573.78</b>

- (a) During the year ended March 31, 2017, the Company has effected the buyback of 1,759,192 fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 330 per equity share on proportionate basis, aggregating to ₹ 580.53 million. The premium has been adjusted against the free reserves. In order to comply with Section 69 of the Companies Act, 2013, the Company has transferred nominal value of the shares bought back to capital redemption reserve.
- (b) The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ 311.54 million (March 31, 2016 - ₹ 117.14 million; April 1, 2015 - ₹ Nil).

**16 Distribution made and proposed**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>₹ million</b>	<b>₹ million</b>
<b>Cash dividend on equity shares proposed and paid</b>		
Final dividend for the year ended March 31, 2016- ₹ 2 per share (March 31, 2015- ₹ 7 per share)	192.47	686.45
Dividend distribution tax on final dividend	39.21	140.55
	<b>231.68</b>	<b>827.00</b>
<b>Proposed dividend on Equity shares</b>		
Final dividend for the year ended March 31, 2017- ₹ 2.50 per share (March 31, 2016- ₹ 2 per share)	240.76	196.13
Dividend distribution tax on proposed dividend	49.29	39.93
	<b>290.05</b>	<b>236.06</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 17 Borrowings

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non-current Borrowings</b>			
<b>Secured debentures</b>			
32,500 (March 31, 2016 - 32,500; April 1, 2015 - Nil) redeemable non-convertible debentures of ₹ 0.10 million each	3,183.62	3,153.30	-
<b>Secured loans</b>			
Term loans from banks	673.21	492.68	545.73
Term loans from financial institutions	246.65	733.42	341.34
Finance lease obligations	-	-	6.42
Equipment loans	0.19	0.19	0.19
	920.05	1,226.29	893.68
Amount disclosed under the head "other current financial liabilities" (refer note 18)	(424.34)	(449.87)	(159.90)
Net amount	495.71	776.42	733.78
<b>Unsecured loans</b>			
Term loans from financial institutions	-	1,216.41	1,496.94
	-	1,216.41	1,496.94
Amount disclosed under the head "other current financial liabilities" (refer note 18)	-	(375.00)	(281.25)
Net amount	-	841.41	1,215.69
<b>Total non-current Borrowings</b>	<b>3,679.33</b>	<b>4,771.13</b>	<b>1,949.47</b>
<b>Current Borrowings</b>			
<b>Secured loans</b>			
Term loans from banks*	10,764.17	9,614.18	7,727.90
Term loans from financial institutions*	4,036.99	5,161.33	5,334.28
Cash credit from banks	2,060.63	339.99	2,130.46
Net amount	16,861.79	15,115.50	15,192.64
<b>Unsecured loans</b>			
Loan and advances from related parties repayable on demand (refer note 33)	744.00	-	-
Term loans from banks *	110.03	799.70	799.57
Net amount	854.03	799.70	799.57
<b>Total current Borrowings</b>	<b>17,715.82</b>	<b>15,915.20</b>	<b>15,992.21</b>

\* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 4,416.34 million (March 31, 2016 - ₹ 7,966.26 million; April 1, 2015 - ₹ 3,449.39 million)

#### Non-current Borrowings

##### (i) Secured debentures

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Debentures	3,183.62	3,153.30	-	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company and maintaining Debt Service Reserve account equal to six months interest.	Repayable within a period ranging from 13 months to 49 months from the date of debenture issue.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### (ii) Secured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	-	545.73	11%-12%	Secured by equitable mortgage of certain land of the Company and hypothecation of all project specific assets and receivables of the Company.	Twenty four equal monthly instalments of ₹ 25 million commencing from June 30, 2016.
Term loans from banks	373.21	492.68	-	9%-11%	Secured by exclusive hypothecation charge on equipments procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from banks	300.00	-	-	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Twelve quarterly instalments of ₹ 25 million commencing at end of 15th month from the date of first disbursement.
Term loans from financial institutions	15.32	188.01	341.34	10%-12%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Thirty equated monthly instalments from the date of first disbursement.
Term loans from financial institutions	231.33	545.41	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the Company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Finance lease obligations	-	-	6.42	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly instalments commencing from the month the loan is availed.
Equipment loan	0.19	0.19	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

#### (iii) Unsecured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	-	1,216.41	1,496.94	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly instalments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Current Borrowings

##### (i) Secured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	1,948.37	1,945.49	11%-13%	Secured by equitable mortgage of certain land and inventory of the Company.	Three equal quarterly instalments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.
Term loans from banks	-	-	357.02	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term loans from banks	-	6.80	464.74	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term loans from banks	-	-	124.64	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly instalments of ₹ 125 million commencing from September 30, 2013.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	942.05	805.63	668.28	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly instalments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term loans from banks	-	531.08	520.54	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Monthly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term loans from banks	1,147.97	985.42	819.05	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly instalments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.
Term loans from banks	-	748.68	749.86	11%-13%	Secured by equitable mortgage of receivables of the Company.	One instalment in every ninety days.
Term loans from banks	-	623.22	1,000.00	11%-13%	Secured by equitable mortgage of certain land of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further secured by certain receivables of Group Company.	Twenty four equal monthly instalments of ₹ 41.70 million starting from July 15, 2015.
Term loans from banks	616.11	613.64	311.44	9%-11%	Secured by equitable mortgage of project specific inventory of the Company.	Five equal quarterly instalments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term loans from banks	379.35	379.04	268.73	9%-11%	Secured by equitable mortgage of project specific inventory of the Company.	Five unequal quarterly instalments after a moratorium of eleven months from the date of first disbursement.
Term loans from banks	249.44	498.77	498.11	9%-11%	Secured by equitable mortgage of certain land of the Company.	Eight equal quarterly instalments of ₹ 62.50 million starting from April 30, 2016.

**Sobha Limited**
**Notes to the standalone financial statements for the year ended March 31, 2017**

Particulars	Amount outstanding ( ₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	869.56	-	11%-13%	Secured by equitable mortgage of certain land of the Company and hypothecation of receivables and Escrow account and maintaining Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments of ₹ 41.75 million commencing from January 15, 2016.
Term loans from banks	2,486.74	629.80	-	9%-11%	Secured by equitable mortgage of project land and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project. Further secured by certain receivables of Group Company.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).
Term loans from banks	737.29	735.98	-	10%-12%	Secured by equitable mortgage of 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.
Term loans from banks	388.75	238.19	-	10%-12%	Secured by equitable mortgage of project property and all present and future assets of the company relating to the project.	Repayable in 5 equal quarterly instalments of ₹ 150 million after 27 months moratorium period commencing from August 2018.
Term loans from banks	346.55	-	-	10%-12%	Secured by equitable mortgage of 61.10% of the project land, building to be constructed on the land and first charge on project cash flow/ receivables including escrow account.	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	198.14	-	-	10%-12%	Secured by equitable mortgage of immovable project property to an extent of the developer's share in the project revenues and receivables and hypothecation on the project escrow account.	Repayable in 6 quarterly instalment at end of 36th month from date of first disbursement considering construction period of 36 months.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	599.86	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.
Term loans from banks	1,175.29	-	-	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 36 months moratorium period commencing from first disbursement.
Term loans from banks	997.54	-	-	10%-12%	Secured by equitable mortgage of property, hypothecation on scheduled receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 30 monthly instalments commencing from Sept 15, 2017.
Term loans from banks	497.86	-	-	8%-10%	Secured by charge on specific project inventory, current assets and receivables of the Company.	One instalment in every 2 Months.
Term loans from banks	1.23	-	-	10%-12%	Secured by equitable mortgage of certain land of the Company.	Repayable in 12 quarterly instalments commencing from June 30, 2018.
Term loans from financial institutions	-	-	166.85	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term loans from financial institutions	-	-	300.00	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly instalments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
Term loans from financial institutions	-	202.10	388.70	11%-13%	Secured by equitable mortgage of certain land and building and receivables of the Company.	Thirty two equal monthly instalments of ₹ 15.63 million starting from September 15, 2014.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	345.39	563.63	600.00	10%-12%	Secured by equitable mortgage fixed assets and receivables of the Company.	Forty eight equal monthly instalments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.
Term loans from financial institutions	-	-	1,495.04	12%-14%	Secured by equitable mortgage of certain land of the Company.	Twenty four equal monthly instalments of ₹ 62.50 million starting from January 15, 2016.
Term loans from financial institutions	-	254.34	398.22	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Company.	Thirty three equal monthly instalments of ₹ 12.12 million starting from April 30, 2015.
Term loans from financial institutions	-	342.11	497.35	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Eighteen equated monthly instalments after a moratorium of six months from the date of first disbursement.
Term loans from financial institutions	-	357.52	492.98	12%-14%	Secured by equitable mortgage of project specific inventory and certain receivables of the Group Company and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly instalments of ₹ 20 million starting from September 15, 2015.
Term loans from financial institutions	285.38	856.44	995.14	10%-12%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Twenty five equal monthly instalments of ₹ 41.70 million starting from April 15, 2016.
Term loans from financial institutions	660.94	1,244.32	-	10%-12%	Secured by equitable mortgage of certain land of Company and charge on hypothecation of receivable from the projects.	Repayable in 32 equal monthly instalments starting from 11th month from the first disbursement commencing from October 2016.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	-	650.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Term loans from financial institutions	417.75	690.87	-	10%-12%	Secured by mortgage of unsold units in the project of the Company and charge on the scheduled receivables of sold and unsold units under the documents entered into with the customers.	Repayable in 10 equal quarterly instalments of ₹ 70 million after 6 months moratorium period commencing from April 2016.
Term loans from financial institutions	937.59	-	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	₹ 650 million: Repayable in 36 principal monthly instalments of ₹ 17.10 million each after principal moratorium period of 12 months from first disbursement. ₹ 350 million: Repayable in 48 principal monthly instalments of ₹ 7.30 million each from date of first disbursement.
Term loans from financial institutions	150.00	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	250.00	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	500.00	-	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	489.94	-	-	10%-12%	Secured by equitable mortgage of land and receivables of the project.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from 15th month from the date of disbursement of loan.
Cash credit	-	-	429.44	12%-14%	Secured by charge on specific project inventory and receivables of the Company. Further, secured by equitable mortgage of land of the Company.	Repayable on demand
Cash credit	1,328.79	307.10	777.23	9%-11%	Secured by way of equitable mortgage of certain land and certain receivables of the Group Company.	Repayable on demand
Cash credit	20.89	13.18	321.56	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	-	0.50	9.27	9%-11%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	7.76	3.57	5.27	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	17.82	1.29	0.04	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	-	-	15.11	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand

# Sobha Limited

## Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Cash credit	-	-	548.07	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	3.70	3.86	6.51	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	0.27	0.76	6.70	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	-	9.71	5.65	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand
Cash credit	-	-	3.47	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	1.22	0.02	2.14	9%-11%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	680.18	-	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### (ii) Unsecured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	110.03	799.70	799.57	11%-12%	Secured by way of collateral security offered by group companies through equitable mortgage of land. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly instalments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.
Loan and advances from related parties	744.00	-	-	10%-12%	No securities against the loan.	Repayable on demand

#### (iii) Details of collateral securities offered by related companies in respect of loans availed by the Company

Nature of loan	Amount outstanding (₹ million)			Name of the Company	Nature of security
	31-Mar-17	31-Mar-16	1-Apr-15		
Term loans	-	-	300.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
				Rusoh Marina Properties Private Limited	
				Chikmangaloor Developers Private Limited	
				Mapedu Realtors Private Limited	
				Kuthavakkam Realtors Private Limited	
				Rusoh Modern Properties Private Limited	
				Kuthavakkam Builders Private Limited	
				Mapedu Builders Private Limited	
				Allapuzha Fine Real Estate Private Limited	
				Mapedu Real Estate Private Limited	
Term loans	110.03	799.70	799.57	Vayaloor Builders Private Limited	Equitable mortgage of land
				Kuthavakkam Properties Private Limited	
				Chikmangaloor Properties Private Limited	
				Rusoh Modern Builders Private Limited	
				Rusoh Modern Developers Private Limited	
				Kuthavakkam Developers Private Limited	
				Rusoh Home Developers Private Limited	
				Marina Realtors Private Limited	
				Chikmangaloor Realtors Private Limited	
				Rusoh Fine Builders Private Limited	
Term loans	360.71	751.64	941.34	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	1,668.92	1,195.41	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	-	1,216.41	1,496.94	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
				Sri Parvathy Land Developers Private Limited	

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 18 Other financial liabilities

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non current</b>			
Land cost payable	1.52	101.72	101.72
<b>Total non-current other financial liabilities</b>	<b>1.52</b>	<b>101.72</b>	<b>101.72</b>
<b>Current</b>			
Current maturities of long-term borrowings (refer note 17) (Includes current maturity of finance lease obligation ₹ Nil million (March 31, 2016 - ₹ Nil million; April 1, 2015 - ₹ 6.42 million))	424.34	824.87	441.15
Letter of credit payable	949.36	269.08	-
Book overdraft from scheduled banks	31.82	46.11	1.22
Interest accrued but not due on borrowings	209.71	244.80	43.18
Unclaimed dividend*	1.76	2.16	2.01
Others			
Non-trade payable	210.47	202.25	268.13
Security deposit towards maintenance services (refer note 33)	1,076.38	1,020.27	625.75
Payable to related parties (refer note 33)	102.41	90.73	84.00
Payable for purchase of fixed assets	6.05	21.09	64.70
Revenue share payable	533.59	336.70	-
<b>Total current other financial liabilities</b>	<b>3,545.89</b>	<b>3,058.06</b>	<b>1,530.14</b>
<b>Total other financial liabilities</b>	<b>3,547.41</b>	<b>3,159.78</b>	<b>1,631.86</b>

\*Investor Protection and Education Fund shall be credited for unclaimed dividends when due.

#### 19 Provisions

	Short term			Long term		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Provision for employee benefits</b>						
Provision for gratuity (refer note 35)	51.37	51.66	52.31	85.47	71.57	46.96
Provision for leave benefits	59.51	58.40	57.14	-	-	-
	110.88	110.06	109.45	85.47	71.57	46.96
<b>Others</b>						
Other provisions	-	-	-	75.90	75.90	75.90
	-	-	-	75.90	75.90	75.90
	<b>110.88</b>	<b>110.06</b>	<b>109.45</b>	<b>161.37</b>	<b>147.47</b>	<b>122.86</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 20 Income tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

##### Statement of profit and loss:

##### Profit or loss section

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Current income tax:</b>		
Current income tax charge	866.45	255.03
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(19.04)	808.33
<b>Income tax expense reported in the statement of profit or loss</b>	<b>847.41</b>	<b>1,063.36</b>

Tax expenses (net) for the year ended March 31, 2017 includes taxes of ₹ Nil (Previous year - ₹ 237.50 million) relating to earlier years.

##### OCI section

##### Deferred tax related to items recognised in OCI during the year:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Net loss/(gain) on remeasurements of defined benefit plans	0.71	(0.98)
<b>Income tax charge to OCI</b>	<b>0.71</b>	<b>(0.98)</b>

##### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Accounting profit before income tax	2,249.55	2,311.03
Tax on accounting profit at statutory income tax rate 34.608% (March 31, 2016: 34.608%)	778.52	799.80
Adjustments in respect of current income tax of previous years	-	237.50
<i>Non-deductible expenses for tax purposes:</i>		
Disallowance u/s 80G	25.29	27.16
Others	5.89	-
<i>Non taxable income for tax purposes:</i>		
Tax impact on Profit/ (loss) from partnership firm	37.71	(28.56)
<i>Other:</i>		
Effect of increase in surcharge	-	27.46
At the effective income tax rate of 37.67% (March 31, 2016: 46.01%)	847.41	1,063.36
<b>Tax expense reported in the Statement of profit or loss</b>	<b>847.41</b>	<b>1,063.36</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Deferred tax

Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16
Accelerated depreciation for tax purposes	90.25	61.49	42.87	28.76	18.62
Interest U/S 36(1)(iii)-Interest Inventorised/Capitalised in the books but claimed as expense in Tax	(2,718.75)	(2,557.29)	(1,643.47)	(161.46)	(913.82)
Provision for leave salary	20.86	21.19	19.49	(0.33)	1.70
Provision for doubtful debts	7.69	7.68	7.68	0.01	-
Difference of Finance lease Depreciation and Interest as per books and Rent allowed as per IT Act	-	0.02	(2.59)	(0.02)	2.61
Deferred tax adjustment for opening Ind AS adjustments	133.37	133.37	133.37	-	-
Deferred tax adjustment for periods Ind AS adjustments	234.91	83.54	-	151.37	83.54
<b>Deferred tax expense / (income)</b>				<b>18.33</b>	<b>(807.35)</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(2,231.67)</b>	<b>(2,250.00)</b>	<b>(1,442.65)</b>		

#### Reconciliation of deferred tax liabilities (net):

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Balance at the beginning of the year</b>	2,250.00	1,442.65
Tax income/(expense) during the period recognised in profit or loss	(19.04)	808.33
Tax income/(expense) during the period recognised in OCI	0.71	(0.98)
<b>Closing balance</b>	<b>2,231.67</b>	<b>2,250.00</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2017 and March 31, 2016, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 21 Trade payables

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Trade payables</b>			
- Total outstanding dues of micro enterprises and small enterprises (refer note 40 for details of dues to micro and small enterprises)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises			
Land cost payable	3,080.96	68.44	150.00
Others	4,635.65	3,079.93	3,546.53
	<b>7,716.61</b>	<b>3,148.37</b>	<b>3,696.53</b>

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms

For explanations on the Company's credit risk management processes, refer to note 44.

#### 22 Other liabilities

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Advance from customers	9,519.04	8,236.95	6,884.45
Liability under JDA (Net of unbilled revenue)	16,862.89	17,088.35	13,474.27
VAT payable	235.53	-	-
Withholding taxes payable	39.82	37.82	36.17
Others	43.43	32.52	33.00
	<b>26,700.71</b>	<b>25,395.64</b>	<b>20,427.89</b>

#### Breakup of financial liabilities carried at amortised cost

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Borrowings (refer note 17)	21,395.15	20,686.33	17,941.68
Other financial liabilities (refer note 18)	3,547.41	3,159.78	1,631.86
Trade payables (refer note 21)	7,716.61	3,148.37	3,696.53
<b>Total financial liabilities carried at amortised cost</b>	<b>32,659.17</b>	<b>26,994.48</b>	<b>23,270.07</b>

The Company has classified its operating assets and liabilities relating to real estate business as current based on an operating cycle of upto 5 years. Below are the details of real estate assets and liabilities expected to be recovered or settled after more than twelve months from the reporting period.

	31-Mar-17		31-Mar-16		1-Apr-15	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Inventories	3,114.16	45,437.68	1,101.80	39,809.60	1,509.22	33,195.51
Refundable deposit towards joint development agreement	535.32	3,646.53	214.17	3,254.61	73.90	2,377.49
Land advance	707.95	15,282.04	113.42	17,117.22	557.06	15,888.00
Unbilled revenue	4,224.47	-	3148.43	-	4,055.53	-
Borrowings	4,840.68	16,554.47	8791.13	11,895.20	3,890.54	14,051.14
Advance from customers	109.55	9,409.49	186.98	8,049.97	106.99	6,777.46
Liability under JDA (Net of unbilled revenue)	42.22	16,820.67	1.44	17,086.91	1.53	13,472.74



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 23 Revenue from operations

##### Revenue from operations

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Revenue from operations</b>		
Sale of products/ finished goods (including excise duty)		
Income from property development	12,240.65	10,913.58
Income from sale of land and development rights	1,078.60	330.02
Income from glazing works	1,490.67	1,139.90
Income from interior works	933.86	948.82
Income from concrete blocks	270.00	264.55
Sale of services		
Income from contractual activity - Subsidiaries and Joint Venture	1,580.67	1,534.09
Income from contractual activity - Others	4,404.63	3,902.06
Other operating revenue		
Share in profits/ (loss) of partnership firm investments (post tax)	(108.97)	83.35
Interest on land advances	-	49.28
Scrap sales	30.27	40.95
<b>Total</b>	<b>21,920.38</b>	<b>19,206.60</b>

Sale of products/ finished goods includes excise duty collected from customers of ₹ 170.85 million (Previous year- ₹ 133.57 million). Sale of products/ finished goods net of excise duty is ₹ 15,842.93 million (Previous year- ₹ 13,463.30 million).

Excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 1.51 million (Previous year - ₹ 0.35 million) has been considered as (income)/expense in note 30 of financial statements.

#### 24 Other income

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	27.89	62.33
	<b>27.89</b>	<b>62.33</b>

#### 25 Finance income

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Interest income on		
Bank deposits	31.52	27.47
Long term investments	11.58	61.75
Unwinding of discount on deposits	282.35	163.25
	<b>325.45</b>	<b>252.47</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 26 Cost of raw material and components consumed

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Inventory at the beginning of the year		
Glazing material	127.60	144.22
Interior material	116.13	117.41
Concrete block material	31.32	60.56
	275.05	322.19
Add: Purchases		
Glazing material	1,065.70	722.18
Interior material	780.77	600.24
Concrete block material	247.57	235.89
	2,094.04	1,558.31
Less: Inventory at the end of the year		
Glazing material	211.85	127.60
Interior material	139.64	116.13
Concrete block material	37.18	31.32
	388.67	275.05
Cost of raw material and components consumed		
Glazing material	981.45	738.80
Interior material	757.26	601.52
Concrete block material	241.71	265.13
<b>Cost of raw material and components consumed</b>	<b>1,980.42</b>	<b>1,605.45</b>

#### 27 (Increase)/ decrease in inventories

	31-Mar-17	31-Mar-16	Less: Transferred to Capital work-in- progress/ tangible assets/ advances	₹ million (Increase) / decrease
Inventories at the end of the year				<b>31-Mar-17</b>
Building materials	126.09	56.33	-	(69.76)
Land stock	8,908.07	7,400.21	-	(1,507.86)
Work-in-progress	37,587.13	32,250.32	-	(5,336.81)
Stock in trade - flats	1,480.08	881.30	-	(598.78)
Finished goods	61.80	48.19	-	(13.61)
	<b>48,163.17</b>	<b>40,636.35</b>	<b>-</b>	<b>(7,526.82)</b>
Inventories at the beginning of the year				<b>31-Mar-16</b>
Building materials	56.33	17.20	-	(39.13)
Land stock	7,400.21	8,325.25	251.73	673.31
Work-in-progress	32,250.32	25,636.29	-	(6,614.03)
Stock in trade - flats	881.30	358.85	-	(522.45)
Finished goods	48.19	44.95	-	(3.24)
	<b>40,636.35</b>	<b>34,382.54</b>	<b>251.73</b>	<b>(6,505.54)</b>
Less: Transferred to Capital work-in- progress/ tangible assets/ advances	-	251.73		
	<b>40,636.35</b>	<b>34,130.81</b>		
(Increase)/ decrease	<b>(7,526.82)</b>	<b>(6,505.54)</b>		

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 28 Employee benefits expense

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Salaries, wages and bonus	1,624.59	1,596.50
Contribution to provident and other funds	52.23	52.70
Gratuity expense (refer note 35)	25.03	23.32
Compensated absence	23.37	23.64
Staff welfare expenses	54.13	65.67
	<b>1,779.35</b>	<b>1,761.83</b>

#### 29 Depreciation and amortization expense

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Depreciation of tangible assets	596.73	576.48
Amortization of intangible assets	3.15	9.36
	<b>599.88</b>	<b>585.84</b>

#### 30 Other expenses

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Excise duty on (increase)/ decrease in inventory	(1.51)	(0.35)
License fees and plan approval charges	334.94	503.82
Power and fuel	406.03	314.39
Water charges	70.69	80.50
Freight and forwarding charges	108.22	101.23
Rent	289.41	315.82
Rates and taxes	110.18	68.12
Insurance	39.88	41.17
Property maintenance expenses	50.31	54.38
Repairs and maintenance		
Plant and machinery	30.93	24.20
Others	44.32	42.01
Advertising and sales promotion	602.25	426.79
Brokerage and discounts	76.64	75.96
Donation (refer note 31)	143.42	152.26
Travelling and conveyance	248.26	264.88
Legal and professional fees	201.71	197.30
Directors' commission and sitting fees	8.10	8.12
Payment to auditor (Refer details below)	12.89	12.22
Exchange difference (net)	0.56	2.83
Provision for doubtful debts and advances (net of write off)	2.36	-
Loss on sale of fixed assets (net)	0.18	9.50
Miscellaneous expenses	322.20	332.44
	<b>3,101.97</b>	<b>3,027.59</b>

#### Payment to auditor \*

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 4.90 million (Previous year - ₹ 5.40 million)]	11.60	11.60
In other capacity:		
Other services	0.50	-
Reimbursement of expenses	0.79	0.62
	<b>12.89</b>	<b>12.22</b>

\* Net of service tax

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 31 Details of CSR expenditure:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Gross amount required to be spent during the year was ₹ 57.64 million (Previous year- ₹ 60.06 million)		
Amount spent during the year ending on March 31, 2017:	In cash	Yet to be paid in cash
Construction/acquisition of any asset		
On purposes other than above	143.42	-
<b>Total</b>	<b>143.42</b>	<b>-</b>
Amount spent during the year ending on March 31, 2016:	In cash	Yet to be paid in cash
Construction/acquisition of any asset		
On purposes other than above	150.14	-
<b>Total</b>	<b>150.14</b>	<b>-</b>

#### 32 Finance costs

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Interest		
- On borrowings	2,467.17	2,511.48
- Others	92.13	35.05
Bank charges	163.69	175.54
	<b>2,722.99</b>	<b>2,722.07</b>
Less: Interest cross charged/ inventorised/ capitalised on qualifying assets	(1,244.37)	(1,192.85)
<b>Total finance costs</b>	<b>1,478.62</b>	<b>1,529.22</b>

#### 33 Related party transactions

- a) The following table provides the name of the related party and the nature of its relationship with the Company:

##### Subsidiaries

##### Direct Subsidiaries

Sobha City  
Sobha Highrise Ventures Private Limited [from January 31, 2017]  
Sobha Developers (Pune) Limited  
Sobha Assets Private Limited  
Sobha Tambaram Developers Limited  
Sobha Nandambakkam Developers Limited

##### Subsidiaries of Sobha City

Vayaloor Properties Private Limited  
Vayaloor Builders Private Limited  
Vayaloor Developers Private Limited  
Vayaloor Real Estate Private Limited  
Vayaloor Realtors Private Limited  
Valasai Vettikadu Realtors Private Limited

##### Joint Venture

Sobha Highrise Ventures Private Limited [upto January 30, 2017]

##### Key Shareholder

Mr. P. N. C. Menon [ Refer note 14(c)]  
Mrs. Sobha Menon [ Refer note 14(c)]

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman  
Mr. J. C. Sharma - Vice Chairman and Managing Director  
Mr. P. Ramakrishnan - Executive Director

#### Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place during the year

Mr. Subhash Bhat - Chief Financial Officer  
Mr. Kishore Kayarat - Company Secretary (upto September 10, 2016)  
Mr. Vighneshwar G Bhat - Company Secretary (from September 10, 2016)

#### Other Directors

Mr. Anup Shah  
Mr. S K Gupta  
Mr. R V S Rao  
Dr. Punita Kumar Sinha  
Mr. M. Damodaran

#### Relatives of key management personnel

Mrs. Sudha Menon

#### Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Al Barakah Financial Services Limited  
Allapuzha Fine Real Estate Private Limited  
Architectural Metal Works FZCO  
Bikasa Properties Private Limited  
Bikasa Realtors Private Limited  
Chikmangaloor Realtors Private Limited  
Chikmangaloor Properties Private Limited  
Cochin Cyber City Private Limited  
Cochin Cyber Golden Properties Private Limited  
Cochin Cyber Value Added Properties Private Limited  
Cochin Super City Developers Private Limited  
Daram Cyber Developers Private Limited  
Daram Cyber Properties Private Limited  
Daram Land Real Estate Private Limited  
Divyakaushal Properties LLP  
Greater Cochin Cyber City Private Limited  
Greater Cochin Developers Private Limited  
Greater Cochin Properties Private Limited  
Greater Cochin Realtors Private Limited  
HBR Consultants Private Limited  
Hill and Menon Securities Private Limited  
Kilai Builders Private Limited  
Kilai Properties Private Limited  
Kilai Super Developers Private Limited  
Kuthavakkam Developers Private Limited  
Kuthavakkam Properties Private Limited  
Mannur Properties Private Limited  
Mannur Real Estate Private Limited

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Mapedu Realtors Private Limited  
Mapedu Real Estates Private Limited  
Moolamcode Traders Private Limited  
Oman Builders Private Limited  
Padmalochana Enterprises Private Limited  
Pallavur Projects Private Limited  
Perambakkam Builders Private Limited  
PNC Technologies Private Limited  
PNC Lighting Solution Private Limited  
Punkunnam Builders and Developers Private Limited  
Puzhakkal Developers Private Limited  
Red Lotus Realtors Private Limited  
Royal Interiors Private Limited  
Rusoh Fine Builders Private Limited  
Rusoh Marina Properties Private Limited  
Rusoh Modern Properties Private Limited  
SBG Housing Private Limited  
Sengadu Builders Private Limited  
Sengadu Developers Private Limited  
Sengadu Properties Private Limited  
Services and Trading Co. LLC  
Sobha Aviation and Engineering Services Private Limited  
Sobha Contracting LLC, Dubai  
Sobha Engineering and Contracting LLC, Dubai  
Sobha Electro Mechanical Private Limited  
Sobha Glazing & Metal Works Private Limited  
Sobha Hitech City Developers Private Limited  
Sobha Inncity Technopolis Private Limited  
Sobha Interiors Private Limited  
Sobha Jewellery Private Limited  
Sobha Maple Tree Developers Private Limited  
Sobha Projects & Trade Private Limited  
Sobha Puravankara Aviation Private Limited  
Sobha Renaissance Information Technology Private Limited  
Sobha Space Private Limited  
Sobha Technocity Private Limited  
Sobha Ventures Limited  
Sri Durga Devi Property Management Private Limited  
Sri Kanakadurga Property Developers Private Limited  
Sri Kurumba Trust  
Sri Parvathy Land Developers Private Limited  
Sunbeam Projects Private Limited  
Technobuild Developers Private Limited  
Thakazhi Developers Private Limited  
Thakazhi Realtors Private Limited  
Tirur Cyber Real Estates Private Limited

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### b) Details of the transactions with the related parties during the year ended March 31, 2017:

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>I. Transaction with wholly owned subsidiaries</b>		
<b>Income from contractual activity</b>		
Sobha City	127.96	552.01
Sobha Developers (Pune) Limited	502.34	690.53
Sobha Highrise Ventures Private Limited	383.49	-
Sobha Tambaram Developers Limited	49.18	31.51
Sobha Nandambakkam Developers Limited	30.54	23.41
<b>Income from glazing works</b>		
Sobha City	4.61	24.82
<b>Income from interior works</b>		
Sobha City	3.75	26.14
<b>Share in profit/ (loss) of partnership firm</b>		
Sobha City	(108.97)	83.35
<b>Interest on borrowings</b>		
Sobha City	41.68	-
<b>Amount contributed to partnership current account</b>		
Sobha City	299.09	1,199.98
<b>Payments made on behalf of related party</b>		
Sobha City	0.58	-
Sobha Assets Private Limited	2.62	2.59
Sobha Developers (Pune) Limited	-	7.70
Sobha Nandambakkam Developers Limited	-	18.45
Sobha Tambaram Developers Limited	-	24.90
<b>Payments made by related party on behalf of the Company</b>		
Sobha City	2.54	-
<b>Advance paid towards purchase of land, goods or services</b>		
Sobha Assets Private Limited	-	0.17
<b>Security deposit received towards maintenance services</b>		
Sobha Highrise Ventures Private Limited	51.00	-
<b>II. Transaction with Joint venture</b>		
<b>Income from contractual activity</b>		
Sobha Highrise Ventures Private Limited	487.16	236.63
<b>Interest income on debentures</b>		
Sobha Highrise Ventures Private Limited	11.58	61.75
<b>Payments made on behalf of related party</b>		
Sobha Highrise Ventures Private Limited	18.15	14.61



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>III. Transaction with other related parties</b>		
<b>Income from sale of land and development rights</b>		
Kilai Properties Private Limited	-	0.82
Mannur Real Estate Private Limited	-	3.70
<b>Income from glazing works</b>		
Sri Kurumba Trust	0.09	3.71
<b>Income from interior works</b>		
Sobha Projects & Trade Private Limited	-	0.17
Sri Kurumba Trust	5.63	8.51
<b>Purchase of project items</b>		
Sobha Projects & Trade Private Limited	220.04	161.15
<b>Aircraft hire charges*</b>		
Sobha Puravankara Aviation Private Limited	119.33	116.76
<b>CSR expenditure - Donation</b>		
Sri Kurumba Trust	143.42	150.10
<b>Payments made on behalf of related party</b>		
Technobuild Developers Private Limited	0.36	0.57
Sobha Projects & Trade Private Limited	-	5.46
Punkunnam Builders and Developers Private Limited	-	0.02
Mannur Properties Private Limited	0.02	-
Mannur Real Estate Private Limited	-	0.01
Moolamcode Traders Private Limited	0.01	0.02
Pallavur Projects Private Limited	0.01	0.03
Puzhakkal Developers Private Limited	-	0.05
Sri Kurumba Trust	2.48	1.58
Sri Durga Devi Property Management Private Limited	0.84	0.06
SBG Housing Private Limited	0.01	-
Sobha Aviation and Engineering Services Private Limited	0.01	-
Sobha Technocity Private Limited	0.01	-
<b>Payments made by related party on behalf of the Company</b>		
Sri Kanakadurga Property Developers Private Limited	0.03	1.66
Sri Parvathy Land Developers Private Limited	0.01	0.03
<b>Advance paid towards purchase of land, goods or services</b>		
Technobuild Developers Private Limited	396.40	208.82
Sri Parvathy Land Developers Private Limited	-	8.67
Puzhakkal Developers Private Limited	-	24.75
Sobha Projects & Trade Private Limited	301.51	223.90
Sobha Puravankara Aviation Private Limited	148.87	279.57
Sri Durga Devi Property Management Private Limited	-	1.63

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Refund of advance by the related party</b>		
Sobha Projects & Trade Private Limited	38.50	-
Sobha Puravankara Aviation Private Limited	2.00	-
Technobuild Developers Private Limited	201.80	245.21
<b>Rent paid</b>		
Sobha Interiors Private Limited	15.61	15.46
Sobha Glazing & Metal Works Private Limited	6.13	6.07
<b>IV. Transaction with key managerial personnel</b>		
<b>Income from glazing works</b>		
Mr. Ravi PNC Menon	-	0.81
<b>Income from interior works</b>		
Mr. Ravi PNC Menon	-	0.14
<b>Directors' remuneration</b>		
Mr. J. C. Sharma	42.80	41.00
Mr. Ravi PNC Menon	79.43	79.12
Mr. P. Ramakrishnan	9.55	8.33
<b>Dividend paid (Payment basis)</b>		
Mr. Ravi PNC Menon	0.07	0.23
Mr. J. C. Sharma	0.18	0.63
<b>Salary (including perquisites)</b>		
Mr. Subhash Bhat	10.13	8.02
Mr. Kishore Kayarat	1.84	2.82
Mr. Vighneshwar G Bhat	1.78	-
<b>Directors' sitting fees and commission</b>		
Mr. Anup Shah	1.67	1.69
Dr. S K Gupta	1.67	1.65
Mr. R V S Rao	1.63	1.64
Dr. Punita Kumar Sinha	1.60	1.58
Mr. M Damodaran	1.53	1.56
<b>Payments made on behalf of related party</b>		
Mr. Ravi PNC Menon	1.36	0.40
Mr. P. Ramakrishnan	-	0.03
<b>Rent paid</b>		
Mr. Ravi PNC Menon	-	0.60

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>V. Transaction with key shareholders</b>		
<b>Dividend paid (Payment basis)</b>		
Mr. P. N. C. Menon	24.45	87.42
Mrs. Sobha Menon	80.69	289.44
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	10.72	38.46
<b>Buyback of equity share</b>		
Mr. P. N. C. Menon	87.32	-
Mrs. Sobha Menon	330.62	-
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	44.06	-

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>I. Balances receivable from and payable to wholly owned subsidiaries</b>			
<b>Investment in subsidiaries - Current account</b>			
Sobha City - Partner current account	1,927.53	1,737.41	454.08
<b>Investment in preference shares</b>			
Sobha Highrise Ventures Private Limited	77.00	-	-
<b>Advances recoverable in cash or in kind</b>			
Sobha Assets Private Limited	78.44	75.82	73.06
Sobha Nandambakkam Developers Limited	-	18.45	-
Sobha Tambaram Developers Limited	-	24.90	-
<b>Trade receivables</b>			
Sobha City	-	-	160.21
Sobha Highrise Ventures Private Limited	0.53	-	-
<b>Advance from customers</b>			
Sobha Developers (Pune) Limited	1,147.80	1,112.38	1,792.15
Sobha City	157.37	100.54	-
Sobha Nandambakkam Developers Limited	35.10	13.37	-
Sobha Tambaram Developers Limited	13.52	19.00	-
<b>Security deposit towards maintenance services</b>			
Sobha Highrise Ventures Private Limited	51.00	-	-
<b>Unsecured current borrowings</b>			
Sobha City	744.00	-	-
<b>Guarantees given</b>			
Sobha City	744.00	291.67	1,105.00
Sobha Highrise Ventures Private Limited	400.00	-	-
Sobha Developers (Pune) Limited	-	-	390.01

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	31-Mar-17	31-Mar-16	₹ million 1-Apr-15
<b>II. Balances receivable from and payable to Joint ventures</b>			
<b>Investment in preference shares</b>			
Sobha Highrise Ventures Private Limited	-	77.00	77.00
<b>Investment in debentures</b>			
Sobha Highrise Ventures Private Limited	-	198.50	398.50
<b>Trade receivables</b>			
Sobha Highrise Ventures Private Limited	-	-	55.42
<b>Interest accrued on investments</b>			
Sobha Highrise Ventures Private Limited	-	8.29	15.48
<b>Advance from customers</b>			
Sobha Highrise Ventures Private Limited	-	25.39	-
<b>Guarantees given</b>			
Sobha Highrise Ventures Private Limited	-	160.00	150.00
<b>III. Balances receivable from and payable to other related parties</b>			
<b>Inter-corporate deposit**</b>			
Sobha Renaissance Information Technology Private Limited	-	-	47.11
<b>Land advance</b>			
Technobuild Developers Private Limited	8,262.14	8,067.18	8,103.00
Puzhakkal Developers Private Limited	150.27	150.27	125.47
Sri Parvathy Land Developers Private Limited	101.33	101.33	92.14
Sri Durga Devi Property Management Private Limited	53.11	52.27	50.59
<b>Rent deposit</b>			
Sobha Glazing & Metal Works Private Limited	26.22	23.28	20.68
Sobha Interiors Private Limited	66.74	59.28	52.64
<b>Advances recoverable in cash or in kind</b>			
Sobha Projects & Trade Private Limited	519.00	443.31	374.52
Sobha Puravankara Aviation Private Limited	671.45	595.00	388.05
Architectural Metal Works FZCO	-	0.29	0.29
Punkunnam Builders and Developers Private Limited	0.03	0.03	0.01
Sobha Aviation and Engineering Services Private Limited	0.01	-	-
Mannur Properties Private Limited	0.02	-	-
Sobha Technocity Private Limited	0.01	-	-
Sobha Contracting LLC, Dubai	5.15	5.15	5.15

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Particulars	31-Mar-17	31-Mar-16	₹ million 1-Apr-15
<b>Trade receivables</b>			
Sri Kurumba Trust	16.66	24.48	25.18
<b>Trade payables</b>			
SBG Housing Private Limited	2.69	2.68	2.68
Sobha Puravankara Aviation Private Limited	358.00	308.67	231.24
Sobha Space Private Limited	-	-	0.58
<b>Capital creditors**</b>			
Sobha Renaissance Information Technology Private Limited	2.89	2.89	50.00
<b>Advance from customers</b>			
Divyakaushal Properties LLP	2.94	39.89	-
<b>IV. Balances receivable from and payable to key managerial personnel</b>			
<b>Non-trade payable</b>			
Mr. J. C. Sharma	30.92	29.62	77.62
Mr. Ravi PNC Menon	30.92	32.44	36.47

\* During the year ended March 31, 2015, the Company had renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 1, 2014. The aircraft hire charges has been accrued based on revised agreement.

\*\* Inter-corporate deposit receivable balance of ₹ 47.11 million from Sobha Renaissance Information Technology Private Limited ('SRIT') has been set off against the payable balance to SRIT during the year ended March 31, 2016.

#### d) Details of Loans taken from related parties

Particulars	Year ended	Loans taken	Repayment	Interest Paid	₹ million Amount owed to related parties
Subsidiaries					
Sobha City	31/3/2017	750.00	6.00	41.68	744.00
	31/3/2016	-	-	-	-
	01/4/2015	-	-	-	-

#### e) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of subsidiaries) and settlement occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016 - ₹ Nil; April 1, 2015 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Sobha Limited****Notes to the standalone financial statements for the year ended March 31, 2017****f) Compensation of key management personnel of the Company**

Particulars	₹ million	
	31-Mar-17	31-Mar-16
Short-term employee benefits	78.74	72.13
Commission to independent directors	7.50	7.50
Other benefits*	66.79	67.16
	<b>153.03</b>	<b>146.79</b>

\*As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

- g) Also, refer note 17 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

**34 Segment Information**

The Chief Financial Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Company has identified following as its reportable segment for the purpose of Ind AS 108:

- a) Real estate segment;
- b) Contractual and manufacturing segment.

Real Estate segment (RE) is into development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

Contractual and Manufacturing Segment (CM) is into development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on an overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Company's operating segments for the year ended March 31, 2017 and March 31, 2016 respectively.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Business segments

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Segment revenue</b>		
Real estate	13,350.37	11,334.40
Contractual & Manufacturing	9,546.19	8,524.85
<b>Total Segment revenue</b>	<b>22,896.56</b>	<b>19,859.25</b>
Inter segment revenues	(867.21)	(736.00)
Other operating income- Share of profits/ (losses) in a subsidiary partnership firm	(108.97)	83.35
<b>Net income from operations</b>	<b>21,920.38</b>	<b>19,206.60</b>
<b>Segment result</b>		
Real estate	3,764.20	3,474.10
Contractual & Manufacturing	1,174.31	1,244.24
<b>Total Segment results</b>	<b>4,938.51</b>	<b>4,718.34</b>
Finance costs	(1,478.62)	(1,529.22)
Other unallocable expenditure	(1,454.71)	(1,276.24)
Share of profits/ (losses) in a subsidiary partnership firm	(108.97)	83.35
Other income (including finance income)	353.34	314.80
<b>Profit before taxation</b>	<b>2,249.55</b>	<b>2,311.03</b>
Income taxes	(847.41)	(1,063.36)
<b>Profit after taxation</b>	<b>1,402.14</b>	<b>1,247.67</b>

The following table presents assets and liabilities information for the Company's operating segments as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment assets</b>			
Real estate	74,572.69	67,239.82	58,760.87
Contractual & Manufacturing	4,213.67	4,035.08	4,172.63
<b>Total Segment assets</b>	<b>78,786.36</b>	<b>71,274.90</b>	<b>62,933.50</b>
Unallocated assets	8,601.28	8,326.50	7,047.33
<b>Total Assets</b>	<b>87,387.64</b>	<b>79,601.40</b>	<b>69,980.83</b>
<b>Segment liabilities</b>			
Real estate	33,484.93	27,128.98	21,660.40
Contractual & Manufacturing	3,155.08	2,970.74	3,020.60
<b>Total Segment liabilities</b>	<b>36,640.01</b>	<b>30,099.72</b>	<b>24,681.00</b>
Unallocated liabilities	25,601.95	24,947.26	21,164.24
<b>Total liabilities</b>	<b>62,241.96</b>	<b>55,046.98</b>	<b>45,845.24</b>
<b>Capital employed</b>			
Real estate	41,087.76	40,110.84	37,100.47
Contractual & Manufacturing	1,058.59	1,064.34	1,152.03
Unallocated Capital employed	(17,000.67)	(16,620.76)	(14,116.91)
<b>Total Capital employed</b>	<b>25,145.68</b>	<b>24,554.42</b>	<b>24,135.59</b>

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Company basis.

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Capital expenditure</b>		
Real estate	6.37	1,164.77
Contractual & Manufacturing	5.69	36.58
Unallocated Capital expenditure	373.59	(40.23)
<b>Total Capital expenditure</b>	<b>385.65</b>	<b>1,161.12</b>

Capital expenditure consists of additions of property, plant and equipment, intangible assets and capital work-in-progress.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

#### Reconciliations to amounts reflected in the financial statements

##### Reconciliation of assets

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment assets</b>	<b>78,786.36</b>	<b>71,274.90</b>	<b>62,933.50</b>
Investment (refer note 7)	3,907.97	3,569.57	2,486.24
Loans (refer note 9)	-	-	47.11
Prepaid expenses (refer note 11)	258.24	287.45	288.34
Balances with statutory/ government authorities (refer note 11)	645.89	692.72	302.44
Interest accrued on investments (refer note 11)	-	8.29	15.48
Deferred tax assets (net) (refer note 12)	-	62.96	193.20
Cash and cash equivalents (refer note 13)	934.70	1,084.83	973.37
Bank balance other than cash and cash equivalents (refer note 13)	227.27	50.20	222.04
Non-current bank balances (refer note 13)	180.08	271.71	108.23
Other unallocable assets	2,447.13	2,298.77	2,410.88
<b>Total Assets</b>	<b>87,387.64</b>	<b>79,601.40</b>	<b>69,980.83</b>

##### Reconciliation of liabilities

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment Liabilities</b>	<b>36,640.01</b>	<b>30,099.72</b>	<b>24,681.00</b>
Borrowings (refer note 17)	21,395.15	20,686.33	17,941.68
Provisions (refer note 19)	272.25	257.53	232.31
Deferred tax liabilities (refer note 20)	2,231.67	2,250.00	1,442.65
Liabilities for current tax (net)	378.16	149.33	472.32
VAT payable (refer note 22)	235.53	-	-
Withholding taxes payable (refer note 22)	39.82	37.82	36.17
Others payable (refer note 22)	43.43	32.52	33.00
Other unallocable liabilities	1,005.94	1,533.73	1,006.11
<b>Total Liabilities</b>	<b>62,241.96</b>	<b>55,046.98</b>	<b>45,845.24</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 35 Gratuity and other post-employment benefit plans

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Defined Benefit Plan</b>	<b>136.84</b>	<b>123.23</b>
Non Current	85.47	71.57
Current	51.37	51.66

The Group has a defined benefit gratuity plan (funded). The Group's defined benefit gratuity plan is a final salary plan, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

#### Changes in the projected benefit obligation and fair value of plan assets:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Change in projected benefit obligation</b>		
Obligation at beginning of the year	125.89	112.02
Service cost	15.64	15.82
Interest cost	9.72	8.84
Benefits settled	(11.93)	(12.77)
Actuarial (gain)/loss (through OCI)	(2.18)	1.98
Obligation at end of the year	<b>137.14</b>	<b>125.89</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	2.66	12.75
Expected return on plan assets	0.21	1.02
Actuarial gain/(loss) (through OCI)	(0.14)	(0.84)
Contributions	9.50	2.50
Transfer		
Benefits settled	(11.93)	(12.77)
Plan assets at end of the year, at fair value	<b>0.30</b>	<b>2.66</b>
Present value of projected benefit obligation at the end of the year	137.14	125.89
Fair value of plan assets at the end of the year	0.30	2.66
<b>Net liability recognised in the balance sheet</b>	<b>136.84</b>	<b>123.23</b>
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	15.64	15.81
Interest cost (net)	9.51	7.83
Gratuity cost	<b>25.15</b>	<b>23.64</b>
Capitalised to property plant and equipments	(0.12)	(0.32)
<b>Net gratuity cost</b>	<b>25.03</b>	<b>23.32</b>
<b>Re-measurement gains/ (losses) in OCI</b>		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	(5.38)	(0.89)
Actuarial gain / (loss) due to experience adjustments	7.56	(1.09)
Return on plan assets greater (less) than discount rate	(0.14)	(0.84)
<b>Total expenses routed through OCI</b>	<b>2.04</b>	<b>(2.82)</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
<b>Investment in insurance fund</b>	100%	100%	100%
<b>Assumptions</b>			
<b>Particulars</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>1-Apr-15</b>
Discount rate	6.77%	7.72%	7.89%
Future salary increases	5.00%	5.00%	5.00%
Employee turnover	15.00%	15.00%	15.00%
Estimated rate of return on plan assets	6.77%	7.72%	7.89%

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Effect of + 1% change in rate of discounting	(5.65)	(5.06)
Effect of - 1% change in rate of discounting	6.22	5.55
Effect of + 1% change in rate of salary increase	6.27	5.65
Effect of - 1% change in rate of salary increase	(5.80)	(5.23)
Effect of + 1% change in rate of employee turnover	0.24	0.47
Effect of - 1% change in rate of employee turnover	(0.29)	(0.54)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Within the next 12 months	51.37	51.66
Between 2 and 5 years	43.12	35.57
Between 5 and 10 years	53.08	53.04
<b>Total expected payments</b>	<b>147.57</b>	<b>140.27</b>
Contributions likely to be made for next one year	51.37	51.66

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 36 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-17	31-Mar-16
Profit after tax attributable to shareholders (Amount in ₹ million)	1,402.14	1,247.67
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic and diluted EPS	96,873,401	98,063,868

#### 37 Commitments and contingencies

##### a. Leases

##### Operating lease commitments - Company as lessee

Operating lease obligations: The Company has taken office, other facilities and other equipments under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Company has paid ₹ 289.41 million (March 31, 2016 - ₹ 315.82 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Within one year	69.02	71.17	67.50
After one year but not more than five years	163.21	164.86	165.89
More than five years	150.82	171.37	190.94
	<b>383.05</b>	<b>407.40</b>	<b>424.33</b>

##### Finance lease commitments - Company as lessee

The Company has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows:

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Within one year	-	-	-	-	6.55	6.42
After one year but not more than five years	-	-	-	-	-	-
More than five years	-	-	-	-	-	-
<b>Total minimum lease payments</b>	-	-	-	-	<b>6.55</b>	<b>6.42</b>
Less: amounts representing finance charges	-	-	-	-	0.13	-
<b>Present value of minimum lease payments</b>	-	-	-	-	<b>6.42</b>	<b>6.42</b>

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### b. Commitments

- (a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 57.20 million (March 31, 2016 - ₹100.92 million; April 1, 2015 - ₹ 526.46 million).
- (b) At March 31, 2017, the Company has given ₹ 15,989.99 million (March 31, 2016 - ₹ 17,230.64 million; April 1, 2015 - ₹ 16,445.06 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.
- (c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2017 the Company has paid ₹ 5,087.99 million (March 31, 2016 - ₹ 3,983.18 million; April 1, 2015 - ₹ 3,059.14 million) as refundable deposit against the joint development agreements.
- (d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.

#### c. Contingent liabilities (to the extent not provided for)

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
i Guarantees given by the Company	2,887.87	2,753.00	4,235.14
ii Income tax matters in dispute	1,449.01	1,250.90	3.94
iii Sales tax matters in dispute	804.44	618.22	331.37
iv Service tax matters in dispute	2,303.24	2,303.24	1,512.80
v Excise duty matters in dispute	10.75	6.67	-
	<b>7,455.31</b>	<b>6,932.03</b>	<b>6,083.25</b>

The Company does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

#### Other litigations

- (a) Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.
- (b) The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements. Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 38 Construction contracts

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2017 *	18,225.95	16,349.73
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2017 for all the contracts in progress	56,870.99	42,718.78
The amount of customer advances outstanding for contracts in progress as at March 31, 2017 for which revenue has been recognised	6,838.14	5,825.34
The amount of work-in-progress and value of inventories	16,021.80	16,176.22
The amount of retentions due from customers for contracts in progress as at March 31, 2017	373.39	402.33

\* The Company has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2017 is lower by ₹ 329 million (March 31, 2016 - ₹ 619 million; April 1, 2015 - ₹ 586 million).

#### 39 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:			
Trade Payables	14.79	3.74	18.03

- 40 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2017.

#### 41 Capitalization of expenditure

During the year, the company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Opening capital work in progress	447.87	519.12	412.23
Add: Expenses incurred during the year			
Purchase of project materials	118.39	0.85	2.78
Subcontractor and other charges	93.29	43.18	50.68
Salaries, wages and bonus	20.98	11.53	8.04
Rent	10.55	17.57	13.30
Others	101.76	80.03	32.05
<b>Sub-total</b>	<b>344.97</b>	<b>153.16</b>	<b>106.85</b>
Less: Expenses incurred for Joint owner		(224.41)	-
Closing capital work in progress	792.84	447.87	519.08

#### 42 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 33.

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 43 Fair value measurements

The carrying value of financial instruments by categories is as follows:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	At Cost	Fair value through profit or loss	At Cost	Fair value through profit or loss	Fair value through profit or loss	At Amortised Cost
<b>Financial assets</b>						
Investments	3,907.79	0.10	3,370.89	0.10	2,087.56	398.58
Trade receivables	-	2,096.00	-	-	-	2,068.37
Cash and cash equivalents	-	934.70	-	-	-	973.37
Bank balance other than cash and cash equivalents	-	227.27	-	-	-	222.04
Loans	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	47.11
<b>Total</b>	<b>3,907.79</b>	<b>0.10</b>	<b>3,370.89</b>	<b>0.10</b>	<b>2,087.56</b>	<b>10,600.69</b>
<b>Financial liabilities</b>						
Borrowings	-	21,395.15	-	-	-	17,941.68
Trade payables	-	7,716.61	-	-	-	3,696.53
Other financial liabilities	-	3,547.41	-	-	-	1,631.86
<b>Total</b>	<b>-</b>	<b>32,659.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,270.07</b>

#### Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015					
	Carrying amount	Level 1	Fair value Level 2	Level 3	Carrying amount	Level 1	Fair value Level 2	Level 3	Carrying amount	Level 1	Fair value Level 2	Level 3
Financial assets												
Investments carried at fair value through profit and loss	0.10	-	-	0.10	0.10	-	-	-	0.10	-	-	0.10
Investments at amortized cost	0.08	-	-	0.08	198.58	-	-	-	398.58	-	-	398.58
	0.18	-	-	0.18	198.68	-	-	-	398.68	-	-	398.68

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as trade receivables, loans and advances, other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets & liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

#### 44 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

##### A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ realstate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

##### a. 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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant,

**Sobha Limited****Notes to the standalone financial statements for the year ended March 31, 2017**

the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<b>Increase/ decrease in interest rate</b>	<b>₹ million Effect on profit before tax *</b>
<b>March 31, 2017</b>		
INR	+1%	(185.56)
INR	-1%	185.56
<b>March 31, 2016</b>		
INR	+1%	(184.82)
INR	-1%	184.82

\* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

**B Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

**Trade receivables**

- (a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.
- (b) Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

**Financial Instrument and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

maximum exposure to credit risk for the components of the statement of financial position at 31 March 2017 and 2016 is the carrying amounts.

#### C Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand ₹ million	Less than 3 months ₹ million	3 to 12 months ₹ million	1 to 5 years ₹ million	> 5 years ₹ million	Total ₹ million
<b>Year ended</b>						
<b>March 31, 2017</b>						
Borrowings	2,804.63	1,257.70	3,822.79	13,510.03	-	21,395.15
Trade payables	-	2,460.93	713.08	4,541.30	1.30	7,716.61
Other financial liabilities	33.58	601.40	1,198.53	1,713.90	-	3,547.41
	<b>2,838.21</b>	<b>4,320.03</b>	<b>5,734.40</b>	<b>19,765.23</b>	<b>1.30</b>	<b>32,659.17</b>
<b>Year ended</b>						
<b>March 31, 2016</b>						
Borrowings	339.99	1,663.58	5,825.30	12,857.46	-	20,686.33
Trade payables	-	2,166.95	685.11	284.71	11.60	3,148.37
Other financial liabilities	48.27	369.07	1,193.02	1,549.42	-	3,159.78
	<b>388.26</b>	<b>4,199.60</b>	<b>7,703.43</b>	<b>14,691.59</b>	<b>11.60</b>	<b>26,994.48</b>
<b>As at April 1, 2015</b>						
Borrowings	2,130.46	1,444.84	1,966.16	12,400.22	-	17,941.68
Trade payables	-	2,612.18	400.68	664.93	18.74	3,696.53
Other financial liabilities	3.23	43.18	773.98	811.47	-	1,631.86
	<b>2,133.69</b>	<b>4,100.20</b>	<b>3,140.82</b>	<b>13,876.62</b>	<b>18.74</b>	<b>23,270.07</b>

#### 45 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables (excluding Liability under JDA), less cash and cash equivalents.

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 17 & 18)	21,819.49	21,511.20	18,382.83
Trade payables (Note 21)	7,716.61	3,148.37	3,696.53
Other payables (current and non-current, excluding current maturities of long term borrowings) (Note 18 & 22)	13,385.23	11,467.07	8,585.48
Less: Cash and cash equivalents (Note 13)	(1,161.97)	(1,135.03)	(1,195.41)
<b>Net debt</b>	<b>41,759.36</b>	<b>34,991.61</b>	<b>29,469.43</b>
Equity share capital	963.05	980.64	980.64
Other equity	24,182.63	23,573.78	23,154.95
<b>Total capital</b>	<b>25,145.68</b>	<b>24,554.42</b>	<b>24,135.59</b>
<b>Capital and net debt</b>	<b>66,905.04</b>	<b>59,546.03</b>	<b>53,605.02</b>
Gearing ratio	62.42%	58.76%	54.98%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

#### 46 First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for investment property covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and equipment and investment property at their previous GAAP carrying value.

- b) Ind AS 27 requires investments in subsidiaries to be recorded at cost or in accordance with Ind AS 109 in its separate financial statements. However Ind AS 101 provides an option in case the Company decides to measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) at that date. The Company can avail the above exemption and recognize the investment in subsidiaries at the previous GAAP carrying amount at the date of transition to Ind AS.

The Company has also prepared a reconciliation of equity as at March 31, 2016 and April 1, 2015 under the Previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of balance sheet which is presented below:

	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Equity under previous GAAP</b>	<b>24,591.47</b>	<b>23,458.34</b>
<i>Adjustments (net of tax):</i>		
Impact of fair valuation of financial assets and financial liabilities	(40.14)	(37.25)
Impact on accounting for Real Estate and Contractual Projects (including JDA accounting)	(369.70)	(214.75)
Proposed dividend (including tax)	236.06	827.00
Other adjustments	136.73	102.25
<b>Equity under Ind AS</b>	<b>24,554.42</b>	<b>24,135.59</b>

The Company has prepared a reconciliation of the net profit for the previous year ended March 31, 2016 under the Previous GAAP with the total comprehensive income as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of profit and loss which is presented below:

	31-Mar-16 ₹ million
<b>Net profit as per previous GAAP</b>	<b>1,369.19</b>
Fair valuation of financial assets and financial liabilities	(4.42)
Impact on accounting for Real Estate and Contractual Projects (including JDA accounting)	(236.96)
Employee benefit expenses [Actuarial (gain)/loss]	2.82
Other adjustments	34.48
Tax expense impact of above adjustments	82.56
<b>Net profit as per Ind AS (A)</b>	<b>1,247.67</b>
<b>Other comprehensive income:</b>	
Actuarial gain/(loss) on defined benefit obligations - Gratuity (net of tax expense)	(1.84)
<b>Total (B)</b>	<b>(1.84)</b>
<b>Total comprehensive income (A+B)</b>	<b>1,245.83</b>

**Sobha Limited****Notes to the standalone financial statements for the year ended March 31, 2017****Notes to reconciliations between previous GAAP and Ind AS****a) Financial assets at amortized cost**

Under Indian GAAP, there are certain security deposits and refundable deposits which are carried at nominal value. Ind AS requires to measure these assets at fair value at inception and subsequently these assets are measured at amortized cost. At inception date, Company recognises difference between deposit fair value and nominal value as deferred lease expenses and same is being recognised as lease expenses on straight line basis over the lease period. Further, Company recognises notional interest income on these deposit over the lease term. In case of refundable deposits for joint development arrangement, difference between nominal value and fair value of deposit is treated as land cost and interest income recognised over the period of deposit is reduced from construction cost.

**b) Financial liabilities at amortized cost**

Under Indian GAAP, there are certain payable to related parties which are carried at nominal value. Ind AS requires to measure these payables at fair value on inception. At inception date, Company recognises difference between fair value and nominal value as deferred income and same is being recognised on straight line basis over the period. Further, Company also recognises notional interest income on payables over the term.

**c) Gross accounting for joint development arrangements**

Company has entered into certain joint development arrangements. In such a situation, revenue is recognised on gross basis. Since the goods exchanged under joint development arrangement i.e. land with flats are in dissimilar in nature, as per para 12 of Ind AS 18, the exchange is regarded as a transaction which generates revenue. Company has measured revenue at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. Since, fair value of the goods or services received cannot be measured reliably, revenue is measured in relation to transfer of constructed property to land owners on the basis of fair value of services provided to the landlord. Further, Company has recognised land with corresponding credit to "land cost payable" to account for land received under Joint development arrangement.

**d) Proposed dividend**

Under Indian GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of financial statements were considered as adjusting events. Accordingly provision for proposed dividend was recognised as a liability. Under Ind AS such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings. Consequently the total equity increased by an equivalent amount.

**e) Defined benefit liabilities**

Both under Indian GAAP and Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net

## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### f) Deferred tax

Indian GAAP required deferred tax accounting using the income statement approach, which focusses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focusses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP. In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

#### g) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit/loss to profit/loss as per Ind AS. Further, Indian GAAP profit/loss is reconciled to total comprehensive income as per Ind AS.

## 47 Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below. In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The Company intends to adopt this standard and amendments when it becomes effective.

### Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018. The Company will adopt the new standard on the required effective date. The directors of the Company anticipate that the application of the standard will be applicable only to certain streams of revenue and will not have a material impact on the financial statements.

### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.



## Sobha Limited

### Notes to the standalone financial statements for the year ended March 31, 2017

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

- 48** Disclosure as per clause 32 of the Listing agreement of the loans and advances granted to subsidiaries, fellow subsidiaries, joint ventures, associates and other Companies in which the directors are interested:

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	-	208.92	206.79	414.15	413.98	458.04
Sobha Renaissance Information Technology Private Limited	-	-	-	47.11	47.11	47.11

### 49 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

### 50 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Sobha Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sobha Limited (hereinafter referred to as “the Holding Company”), its subsidiaries and joint controlled entity (the Holding Company, its subsidiaries and joint controlled entity together referred to as “the Group”), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies and management of a subsidiary partnership firm included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence

obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income,

the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary Companies incorporated in India, none of the directors of the Group's Companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary Companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 37 to the consolidated Ind AS financial statements;

- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2017;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies incorporated in India during the year ended March 31, 2017;
- iv. The Holding Company and its subsidiary Companies incorporated in India, have provided requisite disclosures in Note 13 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on management representation of the Holding Company, except for the segregation between SBNs and other denominations in the books of the Holding Company upon which we are unable to comment on in the absence of necessary details, we report that the amounts pertaining to Holding Company disclosed in the said note is in accordance with the books of account maintained by the Holding Company and as produced to us by the Management of the Holding Company. Based on audit procedures and relying on management representation of the subsidiary Companies and as reported by the other auditors who audited the financial statements / financial information of subsidiary Companies, regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that the amounts pertaining to

subsidiary Companies disclosed in the said note is in accordance with the books of accounts maintained by the respective subsidiary Companies.

### Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of eleven subsidiaries, whose Ind AS financial statements include total assets of ₹ 6,583.80 million and net assets of ₹ 4,489.16 million as at March 31, 2017, and total revenues of ₹ 1,004.13 million and net cash outflows of ₹ 16.65 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For S.R. BATLIBOI & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

## **Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Sobha Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **To the Members of Sobha Limited**

In conjunction with our audit of the consolidated Ind AS financial statements of Sobha Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Sobha Limited (the "Holding Company") and its subsidiaries (together referred to as "the Group"), which are Companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary Companies, which are Companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

control over financial reporting includes those policies and procedures that (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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary Companies, which are Companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these ten subsidiary Companies, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary Companies incorporated in India.

For S.R. BATLIBOI & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

# Sobha Limited

## Consolidated balance sheet as at March 31, 2017

	Notes	As at 31-Mar-17 ₹ million	As at 31-Mar-16 ₹ million	As at 1-Apr-15 ₹ million
<b>Assets</b>				
<b>Non- current assets</b>				
Property, plant and equipment	4.1	3,171.53	3,724.65	3,058.77
Capital work-in-progress	4.3	799.06	454.30	524.45
Investment property	4.2	1,979.47	1,997.02	123.85
Intangible assets	5	1.92	4.63	12.92
Financial assets				
Investments	7	0.18	293.83	463.54
Trade receivables	8	143.33	265.41	196.84
Other non-current financial assets	10	537.25	608.15	466.64
Other non-current assets	11	4,158.75	4,002.08	3,864.55
Current tax assets (net)		20.65	12.66	-
Deferred tax assets (net)	12	-	62.96	193.20
		<b>10,812.14</b>	<b>11,425.69</b>	<b>8,904.76</b>
<b>Current assets</b>				
Inventories	6	50,959.93	42,648.94	38,156.51
Financial assets				
Trade receivables	8	2,266.78	2,521.69	1,789.06
Cash and cash equivalents	13	1,240.98	1,135.23	1,029.14
Bank balance other than cash and cash equivalents	13	227.27	50.20	222.04
Loans	9	-	-	47.11
Other current financial assets	10	8,456.74	6,739.52	6,696.42
Other current assets	11	14,966.54	16,166.01	15,199.15
		<b>78,118.24</b>	<b>69,261.59</b>	<b>63,139.43</b>
<b>Total assets</b>		<b>88,930.38</b>	<b>80,687.28</b>	<b>72,044.19</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	14	963.05	980.64	980.64
Other equity	15	25,481.73	24,667.49	24,115.68
<b>Total equity</b>		<b>26,444.78</b>	<b>25,648.13</b>	<b>25,096.32</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	17	4,423.33	4,771.13	1,949.47
Other financial liabilities	18	1.52	101.72	101.72
Long term provisions	19	161.37	147.47	122.86
Deferred tax liabilities (net)	20	2,283.45	2,273.68	1,446.95
		<b>6,869.67</b>	<b>7,294.00</b>	<b>3,621.00</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	17	17,371.82	16,206.87	17,487.23
Trade payables	21	7,693.29	3,182.44	3,708.18
Other current financial liabilities	18	3,921.52	3,354.71	1,740.83
Other current liabilities	22	26,086.23	24,740.46	19,756.73
Liabilities for current tax (net)		400.81	150.61	524.45
Provisions	19	142.26	110.06	109.45
		<b>55,615.93</b>	<b>47,745.15</b>	<b>43,326.87</b>
<b>Total liabilities</b>		<b>62,485.60</b>	<b>55,039.15</b>	<b>46,947.87</b>
<b>Total equity and liabilities</b>		<b>88,930.38</b>	<b>80,687.28</b>	<b>72,044.19</b>

Summary of significant accounting policies

2.4

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer



## Sobha Limited

### Consolidated statement of profit and loss for the year ended March 31, 2017

	Notes	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Revenue from operations	23	22,461.42	19,565.55
Other income	24	57.65	88.57
Finance income	25	328.45	254.26
<b>Total income</b>		<b>22,847.52</b>	<b>19,908.38</b>
<b>Expenses</b>			
Land purchase cost		7,129.51	6,094.11
Cost of raw materials and components consumed	26	1,980.42	1,605.45
Purchase of project materials		5,462.05	3,745.25
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	27	(7,440.25)	(6,309.31)
Excise duty on sale of goods		170.85	133.57
Subcontractor and other charges		5,888.19	4,973.91
Employee benefits expense	28	1,779.35	1,761.83
Depreciation and amortization	29	638.23	596.89
Finance cost	32	1,496.70	1,636.57
Other expenses	30	3,293.97	3,131.49
<b>Total expenses</b>		<b>20,399.02</b>	<b>17,369.76</b>
<b>Profit before share of profit/ (loss) of a joint venture and tax</b>		<b>2,448.50</b>	<b>2,538.62</b>
Share of profit/ (loss) of a joint venture		129.25	30.29
<b>Profit before tax</b>		<b>2,577.75</b>	<b>2,568.91</b>
Tax expenses			
Current tax	20	961.16	360.55
Deferred tax charge/ (credit)	20	9.06	827.71
<b>Income tax expense</b>		<b>970.22</b>	<b>1,188.26</b>
<b>Profit for the year</b>		<b>1,607.53</b>	<b>1,380.65</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plan		2.04	(2.82)
Income tax effect		(0.71)	0.98
<b>Other comprehensive income for the year, net of tax</b>		<b>1.33</b>	<b>(1.84)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>1,608.86</b>	<b>1,378.81</b>
<b>Profit for the period attributable to :</b>			
Owners of the Company		1,607.53	1,380.65
Non-controlling interests		-	-
<b>Total comprehensive income for the period attributable to :</b>		<b>1,607.53</b>	<b>1,380.65</b>
Owners of the Company		1,608.86	1,378.81
Non-controlling interests		-	-
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>	36	<b>1,608.86</b>	<b>1,378.81</b>
Basic and Diluted		16.59	14.08

Summary of significant accounting policies

2.4

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vigneshwar G Bhat  
Company Secretary and  
Compliance Officer

**Sobha Limited**  
**Consolidated statement of Changes in Equity for the year ended March 31, 2017**

**a. Equity share capital\***

Equity shares of ₹ 10 each issued, subscribed and fully paid	No of Shares in million	Amount in ₹ million
<b>At April 1, 2015</b>	98.06	980.64
<b>At March 31, 2016</b>	98.06	980.64
Less : Buy back of equity shares (Refer note 14 and 15)	(1.76)	(17.59)
<b>At March 31, 2017</b>	<b>96.30</b>	<b>963.05</b>

\*Also refer note 14

**b. Other equity\***

**For the year ended March 31, 2017**

Attributable to equity holders of the Company						₹ million
	Reserves and Surplus					Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	
As at April 1, 2016	87.29	10,497.27	117.14	2,447.36	11,518.43	24,667.49
Profit for the year	-	-	-	-	1,607.53	1,607.53
Other comprehensive income						
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	1.33	1.33
Transfer to other reserves						
Capital redemption reserve (refer note 15)	17.59	-	-	-	(17.59)	-
Debenture redemption reserve	-	-	311.54	-	(311.54)	-
General reserve	-	-	-	140.21	(140.21)	-
Total comprehensive income	104.88	10,497.27	428.68	2,587.57	12,657.95	26,276.35
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(231.68)	(231.68)
Premium on buy back of equity shares	-	(562.94)	-	-	-	(562.94)
At March 31, 2017	104.88	9,934.33	428.68	2,587.57	12,426.27	25,481.73

# Sobha Limited

## Consolidated statement of Changes in Equity for the year ended March 31, 2017

For the year ended March 31, 2016

Attributable to equity holders of the Company						₹ million
Reserves and Surplus						
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Total
As at April 1, 2015	87.29	10,497.27	-	2,310.44	11,220.68	24,115.68
Profit for the year	-	-	-	-	1,380.65	1,380.65
Other comprehensive income						
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	(1.84)	(1.84)
Transfer to other reserves						
Debenture redemption reserve	-	-	117.14	-	(117.14)	-
General reserve	-	-	-	136.92	(136.92)	-
Total comprehensive income	87.29	10,497.27	117.14	2,447.36	12,345.43	25,494.49
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(827.00)	(827.00)
At March 31, 2016	87.29	10,497.27	117.14	2,447.36	11,518.43	24,667.49

\*Also refer note 15

Summary of significant accounting policies

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

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E3000004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Subhash Bhat  
Chief Financial Officer

Vigneshwar G Bhat  
Company Secretary and  
Compliance Officer

**Sobha Limited**
**Consolidated statement of cash flow for the year ended March 31, 2017**

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>2,577.75</b>	<b>2,568.91</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	597.51	576.72
Amortisation of intangible assets	3.15	9.36
Depreciation of investment properties	37.57	10.81
(Gain)/ loss on disposal of property, plant and equipment	0.18	9.50
Finance income (including fair value change in financial instruments)	(328.45)	(254.26)
Finance costs (including fair value change in financial instruments)	1,327.47	1,458.63
Bad debts/ advances written off and provided for	2.36	-
Share of (profit)/ loss of a joint venture	(129.25)	(30.29)
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables	374.63	(801.20)
(Increase)/ decrease in inventories	(7,779.33)	(878.35)
(Increase)/ decrease in other financial assets	(1,608.24)	(55.26)
(Increase)/ decrease in loans	-	47.11
(Increase)/ decrease in other assets	2,407.56	(113.54)
Increase/ (decrease) in trade payables and other financial liabilities	5,421.46	557.80
Increase/ (decrease) in provisions	46.10	25.22
Increase/ (decrease) in other non-financial liabilities	1,267.56	1,369.65
	4,218.03	4,500.81
Income tax paid (net of refund)	(679.20)	(616.81)
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>3,538.83</b>	<b>3,884.00</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(316.24)	(1,075.97)
Proceeds from sale of property, plant and equipment	0.25	-
Purchase of investment properties	(20.02)	(1,883.98)
Consideration paid on acquisition of subsidiary	(346.78)	-
Proceeds from sale of current investments	264.23	-
Proceeds from redemption of debentures	198.50	200.00
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(96.10)	42.49
Interest received	335.96	266.86
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>19.80</b>	<b>(2,450.60)</b>

## Sobha Limited

### Consolidated statement of cash flow for the year ended March 31, 2017

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Financing activities</b>		
Proceeds from long-term borrowings	1,050.00	4,299.97
Repayment of long-term borrowings	(1,838.61)	(990.99)
Proceeds from short-term borrowings	12,912.22	8,960.35
Repayment of short-term borrowings	(12,163.60)	(10,305.57)
Buy back of equity shares	(580.53)	-
Interest paid (gross)	(2,601.88)	(2,464.22)
Dividends paid on equity shares	(192.87)	(686.30)
Tax on equity dividend paid	(39.21)	(140.55)
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>(3,454.48)</b>	<b>(1,327.31)</b>
Net increase/ (decrease) in cash and cash equivalents	104.15	106.09
Cash and cash equivalents at the beginning of the year (refer note 13)	1,135.23	1,029.14
Cash inflow due to acquisition of subsidiary	1.60	-
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>1,240.98</b>	<b>1,135.23</b>

Summary of significant accounting policies

2.4

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

Financial Statements  
Consolidated

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 1 Corporate Information

Sobha Limited ('Company' or 'SL') was incorporated on August 07, 1995. SL together with its subsidiaries (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bangalore. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated financial statements are approved for issue by the Board of Directors on May 16, 2017.

#### 2 Significant accounting policies

##### 2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended March 31, 2017 are the first the Group has prepared in accordance with Ind AS. Refer to note 46 for information on how the Group adopted Ind AS.

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments.)

The consolidated financial statements are presented in INR and all values are rounded to the nearest millions, except when otherwise indicated.

##### 2.2 Group Information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/voting rights		
			31-Mar-17	31-Mar-16	31-Mar-15
<b>Subsidiaries</b>					
Sobha City ['Partnership firm']	Realestate development	India	100%	100%	100%
			[Profit sharing ratio]		
Sobha Developers (Pune) Limited		India	100%	100%	100%
Sobha Assets Private Limited		India	100%	100%	100%
Sobha Highrise Ventures Private Limited*		India	100%	-	-
Sobha Nandambakkam Developers Limited		India	100%	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%	100%
Vayaloor Properties Private Limited		India	100%	100%	100%
Vayaloor Builders Private Limited		India	100%	100%	100%
Vayaloor Developers Private Limited		India	100%	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%	100%

\*Sobha Highrise Ventures Private Limited was a Joint Venture entity upto January 31, 2017. Post January 31, 2017 Sobha Highrise Ventures Private Limited is a subsidiary of the Company.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ▶ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee, and
- ▶ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee;
- ▶ Rights arising from other contractual arrangements;
- ▶ The Group's voting rights and potential voting rights, and
- ▶ The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and

circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss, and

- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**2.4 Summary of significant accounting policies****a) Business combinations and goodwill**

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### **b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Group on its own account.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

#### **i. Recognition of revenue from contractual projects**

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

#### **ii. Recognition of revenue from real estate projects**

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### a. Recognition of revenue from property development

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;
- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- (c) at least 25 % of the saleable project area is

secured by contracts/ agreements with buyers; and

- (d) at least 10 % of the contracts/ agreements value are realised at the reporting date in respect of such contracts/ agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

Further, for projects executed through joint development arrangements, wherein the land owner/possessor provides land and the Group undertakes to develop properties on such land and in lieu of land owner providing land, the Group has agreed to transfer certain percentage of constructed area or certain percentage

of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as discussed above.

**b. Recognition of revenue from sale of land and development rights**

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with

buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

**iii. Recognition of revenue from manufacturing division**

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

**iv. Dividend income**

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

**v. Rental income from operating leases**

Rental income receivable under operating leases (excluding variable rental income) is recognized in the income

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

statement on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

**vi. Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

**c) Property, plant and equipment**

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015. Property, plant & equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required

to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

#### d) Investment properties

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its investment property as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs

are recognized in profit or loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are de-recognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

#### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### f) Depreciation on property, plant and equipment and Investment property

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Particulars	Useful lives estimated by the management (in years)
<b>Property, plant and equipment</b>	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5
<b>Investment property</b>	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### g) Impairment of non financial assets

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

amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **h) Impairment of financial assets**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life

time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

#### **i) Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

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### Notes to the consolidated financial statements for the year ended March 31, 2017

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Group generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the Balance sheet date and as non-current, in other cases.

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

#### j) Fair value measurement

The Group measures financial instruments, such as investments at fair value at each balance sheet date.

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 Group.

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 Group 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

value measurement is directly or indirectly observable, and

- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI);
- ▶ Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI).

##### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

**Equity investments in subsidiaries and joint ventures**

The Group has availed the option available in Ind AS 27 to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor

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### Notes to the consolidated financial statements for the year ended March 31, 2017

transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### *Financial liabilities*

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

#### **Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is due within 12 months after reporting period. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**l) Borrowing costs**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

**m) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**n) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- ▶ The date of the plan amendment or curtailment, and
- ▶ The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ Net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward

beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period for which the services are rendered by the employee.

#### o) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-



**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**q) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**r) Taxes**

Tax expense comprises of current and deferred tax.

*Current income tax*

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with

the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

*Deferred income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

- When the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act. MAT paid in a year is charged to the statement of profit and loss as

current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

#### s) Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Group at rates different from those at which they were initially recorded during

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**t) Inventories*****Related to contractual and real estate activity***

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents

cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value.

***Related to manufacturing activity***

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

#### u) Land

Advances paid by the Group to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, whereupon it is transferred to land stock under inventories.

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Group under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

#### v) Leases

##### Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the

inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Group will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

##### Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless the lease agreement explicitly states that increase is on account of inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017****w) Cash dividend to equity holders of the Group**

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

**3 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**a) Judgements**

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**i) Classification of property**

The Group determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices,

commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

**ii) Business combination**

The Company has granted land advances to a land aggregator company, named Technobuild Developers Private Limited ('Technobuild'), wherein Technobuild is engaged in business of acquiring large parcels of lands and transferring it for development for consideration to the Company. In order to protect the right of the Company to recover the advance, the shareholders of Technobuild have signed a non-disposal undertaking with the Company. The management assessed whether or not the Company has control over Technobuild based on such non-disposal undertaking. In exercising its judgement, management considers, that rights are only protective rights to safeguard the Company's interest to the extent of land advances granted by it to Technobuild. Further, such rights

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

will get terminated once the entire land parcels are transferred to the Company as per the terms of the arrangement. Also the Company does not exercise any control/power over the entire financial and business operations of Technobuild since it neither holds (directly/Indirectly) any shareholding/ voting rights in Technobuild neither it exercises any board control to demonstrate any power or ability to use its power over the operations of Technobuild, which could impact the returns of the Company. The undertaking provided by the shareholders of Technobuild does not provide substantive rights to the Company to participate in the business operations of Technobuild, since such rights are only protective in nature, hence management has concluded that the Company does not have sufficient dominant vesting interest to exert control over Technobuild.

#### **b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **i) Revenue recognition, contract costs and valuation of unbilled revenue**

The Group uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate and contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

For revenue recognition for projects executed through joint development arrangements, refer clause (ii) below as regards estimates and assumptions involved.

#### **ii) Accounting for revenue and land cost for projects executed through joint development arrangements ('JDA')**

For projects executed through joint development arrangements, as explained in note 2.2(a) under significant accounting policies, the revenue from the development and transfer of constructed area/

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

revenue sharing arrangement and the corresponding land/development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. The fair value is estimated with reference to the terms of the JDA (whether revenue share or area share) and the related cost that is allocated to discharge the obligation of the Group under the JDA. Fair value of the construction is considered to be the representative fair value of the revenue transaction and land so obtained. Such assessment is carried out at the launch of the real estate project and is not reassessed at each reporting period. The Management is of the view that the fair value method and estimates are reflective of the current market condition.

**iii) Estimation of net realisable value for inventory property (including land advance)**

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to Land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 4.1 Property, plant and equipment

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	₹ million Total
<b>Cost or valuation</b>										
<b>At 1 April 2015</b>	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77
(refer note a)										
Additions	-	471.66	5.87	622.08	125.43	2.67	1.74	15.43	7.22	1,252.10
Disposals	-	-	-	(116.78)	(34.47)	(0.54)	-	(1.89)	-	(153.68)
<b>At 31 March 2016</b>	81.90	637.72	1,111.52	1,349.97	873.61	39.48	10.84	37.20	14.95	4,157.19
Additions	-	3.88	3.24	17.72	3.95	0.17	0.12	14.44	1.30	44.82
Disposals	-	-	-	(127.99)	-	-	(0.98)	(0.25)	-	(129.22)
<b>At 31 March 2017</b>	81.90	641.60	1,114.76	1,239.70	877.56	39.65	9.98	51.39	16.25	4,072.79
<b>Depreciation and impairment</b>										
<b>At 1 April 2015</b>	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	39.42	65.57	226.63	205.47	11.00	4.08	19.71	4.84	576.72
Disposals	-	-	-	(107.30)	(34.47)	(0.52)	-	(1.89)	-	(144.18)
<b>At 31 March 2016</b>	-	39.42	65.57	119.33	171.00	10.48	4.08	17.82	4.84	432.54
Charge for the year	-	76.91	54.48	238.68	199.84	7.44	2.13	14.84	3.19	597.51
Disposals	-	-	-	(127.57)	-	-	(0.97)	(0.25)	-	(128.79)
<b>At 31 March 2017</b>	-	116.33	120.05	230.44	370.84	17.92	5.24	32.41	8.03	901.26
<b>Net Book value</b>										
<b>At 31 March 2017</b>	81.90	525.27	994.71	1,009.26	506.72	21.73	4.74	18.98	8.22	3,171.53
<b>At 31 March 2016</b>	81.90	598.30	1,045.95	1,230.64	702.61	29.00	6.76	19.38	10.11	3,724.65
<b>At 1 April 2015</b>	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77

#### Note:

- For property, plant and equipment existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Group has used Indian GAAP carrying value as deemed costs.
- Capitalised borrowing costs**  
The amount of borrowing costs capitalised during the year ended March 31, 2017 was ₹ 84.45 million (March 31, 2016 - ₹ 135.05 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 12.45%, which is the effective interest rate of the specific borrowing.
- Property, plant and equipment**  
Property, plant and equipment with a carrying amount of ₹ 7,843.36 million (March 31, 2016 - ₹ 5,030.22 million) are subject to a first charge to secure the Group's bank loans.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### d) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Gross block	11.42	11.42	2.55	2.55
Depreciation charge for the year	-	11.42	-	2.55
Accumulated depreciation	11.42	11.42	2.55	2.55
Net book value	-	-	-	-

#### 4.2 Investment property

	₹ million			
	Freehold land	Other buildings	Other assets forming part of Building Plant and machinery Furniture and fixtures	Total
<b>Cost or valuation</b>				
<b>At 1 April 2015 (refer note a)</b>	123.85	-	-	123.85
Additions	132.47	1,585.69	144.38	1,862.54
<b>At 31 March 2016</b>	256.32	1,585.69	144.38	2,007.83
Additions	-	19.70	-	20.02
<b>At 31 March 2017</b>	<b>256.32</b>	<b>1,605.39</b>	<b>144.38</b>	<b>2,027.85</b>
<b>Depreciation and impairment</b>				
<b>At 1 April 2015</b>	-	-	-	-
Charge for the year	-	7.20	3.00	10.81
<b>At 31 March 2016</b>	-	7.20	3.00	10.81
Charge for the year	-	25.17	10.34	37.57
<b>At 31 March 2017</b>	<b>-</b>	<b>32.37</b>	<b>13.34</b>	<b>48.38</b>
<b>Net Book value</b>				
<b>At 31 March 2017</b>	<b>256.32</b>	<b>1,573.02</b>	<b>131.04</b>	<b>1,979.47</b>
<b>At 31 March 2016</b>	<b>256.32</b>	<b>1,578.49</b>	<b>141.38</b>	<b>1,997.02</b>
<b>At 1 April 2015</b>	<b>123.85</b>	<b>-</b>	<b>-</b>	<b>123.85</b>

#### Note:

- a) For Investment property existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Group has used Indian GAAP carrying value as deemed costs.

	₹ million	₹ million
<b>Information regarding income and expenditure of investment property</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
<b>Rental income derived from investment properties</b>	<b>178.79</b>	<b>42.50</b>
Direct operating expenses (including repairs and maintenance) generating rental income	(126.66)	(42.96)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>52.13</b>	<b>(0.46)</b>
Less:- Depreciation	(37.57)	(10.81)
<b>Profit arising from investment properties before indirect expenses</b>	<b>14.56</b>	<b>(11.27)</b>

The fair value of Investment property is ₹ 2,805 million (March 31, 2016 - ₹ 2,805 million). These valuations are based on valuations performed by an independent valuer.

Fair value hierarchy for investment properties have been provided in Note 43.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 4.3 Capital work in progress

	Property, plant and equipment	Investment property under construction	₹ million Total
<b>As at 1 April 2015 (refer note a)</b>	5.37	519.08	524.45
- Additions (subsequent expenditure)	1.06	649.06	650.12
- Capitalised during the year	-	(495.86)	(495.86)
- Expenses incurred for Joint owner	-	(224.41)	(224.41)
<b>As at 31 March 2016</b>	<b>6.43</b>	<b>447.87</b>	<b>454.30</b>
- Additions (subsequent expenditure)	-	344.97	344.97
- Capitalised during the year	(0.21)	-	(0.21)
<b>As at 31 March 2017</b>	<b>6.22</b>	<b>792.84</b>	<b>799.06</b>

**Note:**

- a) For Capital work in progress existing as on the date of transition to Ind AS, i.e., April 1, 2015, the Group has used Indian GAAP carrying value as deemed costs.

#### 5 Intangible assets

	Software	Intellectual property rights	₹ million Total
<b>Cost</b>			
<b>At 1 April 2015</b>	12.87	0.05	12.92
Purchase	1.07	-	1.07
<b>At 31 March 2016</b>	<b>13.94</b>	<b>0.05</b>	<b>13.99</b>
Purchase	0.44	-	0.44
<b>At 31 March 2017</b>	<b>14.38</b>	<b>0.05</b>	<b>14.43</b>
<b>Amortization and impairment</b>			
<b>At 1 April 2015</b>	-	-	-
Charge for the year	9.31	0.05	9.36
<b>At 31 March 2016</b>	<b>9.31</b>	<b>0.05</b>	<b>9.36</b>
Charge for the year	3.15	-	3.15
<b>At 31 March 2017</b>	<b>12.46</b>	<b>0.05</b>	<b>12.51</b>
<b>Net Book value</b>			
<b>At 31 March 2017</b>	<b>1.92</b>	<b>-</b>	<b>1.92</b>
<b>At 31 March 2016</b>	<b>4.63</b>	<b>-</b>	<b>4.63</b>
<b>At 1 April 2015</b>	<b>12.87</b>	<b>0.05</b>	<b>12.92</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 6 Inventories (valued at lower of cost and net realizable value)

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Raw materials and components	388.67	275.05	322.19
Building materials	126.09	56.33	17.20
Land stock *	9,483.11	7,400.21	8,325.25
Work-in-progress *	38,721.81	33,987.86	29,088.07
Stock in trade - flats *	1,480.08	881.30	358.85
Finished goods	760.17	48.19	44.95
	<b>50,959.93</b>	<b>42,648.94</b>	<b>38,156.51</b>

\* Carrying amount of inventories pledged as securities against borrowings as at March 31, 2017 - ₹ 12,685.09 million (March 31, 2016 - ₹ 17,340.29 million)

#### 7 Investments

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non-current investments:</b>			
<b>Investments carried at cost</b>			
<b>Unquoted equity shares</b>			
<i>Investment in jointly controlled entity (upto January 31, 2017)*</i>			
Nil (March 31, 2016 - 100,000; April 1, 2015 - 100,000)	-	1.00	1.00
Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited			
Nil (March 31, 2016 - 2,500,000; April 1, 2015 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	-	25.00	25.00
<b>Unquoted preference instruments (in the nature of equity)</b>			
<i>Investment in jointly controlled entity (upto January 31, 2017)*</i>			
Nil (March 31, 2016 - 7,700,000; April 1, 2015 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	-	77.00	77.00
Share of post acquisition loss in the jointly controlled entity	-	(7.85)	(38.14)
<b>Total investments carried at cost</b>	<b>-</b>	<b>95.15</b>	<b>64.86</b>

\*Effective February 1, 2017, pursuant to increase in Company's shareholding in joint venture entity Sobha Highrise Ventures Private Limited ('SHVPL'), SHVPL has become a subsidiary of the Company.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Investments carried at fair value through profit and loss</b>			
<b>Unquoted equity securities</b>			
<i>Investment in equity instruments</i>			
2,680,000 (March 31, 2016 - 2,680,000; April 1, 2015 - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	0.10	0.10	0.10
<b>Total investments carried at fair value through profit and loss</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
<b>Investments at amortized cost</b>			
<b>Unquoted debt securities</b>			
<i>Investment in jointly controlled entity (upto January 31, 2017)</i>			
Nil (March 31, 2016 - 1,985,000; April 1, 2015 - 3,985,000) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited**	-	198.50	398.50
<i>Government and trust securities (unquoted)</i>			
National savings certificates	0.08	0.08	0.08
<b>Total investments carried at amortised cost</b>	<b>0.08</b>	<b>198.58</b>	<b>398.58</b>
<b>Total investments</b>	<b>0.18</b>	<b>293.83</b>	<b>463.54</b>
Aggregate amount of unquoted investments	0.18	293.83	463.54
Aggregate amount of impairment in value of investments	-	-	-

\*\* Series B debentures have been issued at par and are convertible into Class D equity shares respectively in the ratio of two Class D equity shares for each Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series B debentures into Class D equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 8 Trade receivables

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Trade receivables	2,266.78	2,521.69	1,733.64	143.33	265.41	196.84
Receivables from other related parties (refer note 33)	-	-	55.42	-	-	-
<b>Total Trade receivables</b>	<b>2,266.78</b>	<b>2,521.69</b>	<b>1,789.06</b>	<b>143.33</b>	<b>265.41</b>	<b>196.84</b>
<i>Trade receivables</i>						
Unsecured, considered good	2,266.78	2,521.69	1,789.06	143.33	265.41	196.84
Unsecured, considered doubtful	-	-	-	22.33	19.97	22.29
	2,266.78	2,521.69	1,789.06	165.66	285.38	219.13
Provision for doubtful trade receivables	-	-	-	(22.33)	(19.97)	(22.29)
	2,266.78	2,521.69	1,789.06	143.33	265.41	196.84
<b>Total Trade receivables</b>	<b>2,266.78</b>	<b>2,521.69</b>	<b>1,789.06</b>	<b>143.33</b>	<b>265.41</b>	<b>196.84</b>

Trade receivables include:

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Dues from Sobha Highrise Ventures Private Limited in which the Company's director is a director	-	-	55.42	-	-	-

For terms and conditions relating to related party receivables, refer note 33.

#### 9 Loans (Unsecured, considered good unless otherwise stated)

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Inter-corporate deposit to related party (refer note 33)</b>						
Unsecured, considered good	-	-	47.11	-	-	-
	-	-	<b>47.11</b>	-	-	-

Loans due by directors or other officers, etc.

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Inter-corporate deposit to related party</b>						
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member	-	-	47.11	-	-	-

**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**
**10 Other financial assets**

	₹ million					
	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Security deposit</b>						
<i>Unsecured, considered good</i>						
Refundable deposit towards joint development agreement	4,082.63	3,369.56	2,353.57	99.22	99.22	97.87
Security deposit - Others	35.43	14.10	49.67	247.29	237.22	226.41
	4,118.06	3,383.66	2,403.24	346.51	336.44	324.28
<b>Others</b>						
Unbilled revenue	4,338.68	3,355.86	4,293.18	-	-	-
Non-current bank balances (refer note 13)				190.74	271.71	142.36
	<b>8,456.74</b>	<b>6,739.52</b>	<b>6,696.42</b>	<b>537.25</b>	<b>608.15</b>	<b>466.64</b>

**11 Other assets**

	₹ million					
	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Capital advances</b>						
Unsecured, considered good				0.71	5.08	20.69
<b>Land advance *</b>						
Unsecured, considered good	12,073.04	13,502.06	12,892.24	3,923.15	3,734.58	3,558.82
<b>Advances recoverable in cash or kind</b>						
Unsecured considered good	1,553.60	1,323.68	1,358.66	34.56	37.32	34.56
<b>Others</b>						
Prepaid expenses	58.20	63.01	37.86	200.33	225.10	250.48
Balances with statutory/ government authorities	1,056.51	1,044.55	599.70	-	-	-
Interest accrued on investments	0.78	8.29	20.89	-	-	-
Other receivables	224.41	224.42	289.80	-	-	-
	<b>14,966.54</b>	<b>16,166.01</b>	<b>15,199.15</b>	<b>4,158.75</b>	<b>4,002.08</b>	<b>3,864.55</b>

\*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Advances recoverable in cash or kind due by directors or other officers, etc.

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Advances recoverable in cash or kind</b>						
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	519.00	443.31	374.52	-	-	-
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	-	5.15	5.15	5.15

#### 12 Deferred tax asset(net)

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
MAT Credit entitlement [net of ₹ 62.96 million (March 31, 2016 - ₹130.24; April 1, 2015 - ₹ Nil) MAT Credit utilised]	-	62.96	193.20
	-	62.96	193.20

#### 13 Cash and bank balances

	Current			Non-current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Cash and cash equivalents</b>						
<i>Balances with banks:</i>						
– On current accounts	1,133.22	1,031.73	1,004.68			
– Deposits with less than three months maturity	0.96	41.88	0.83			
Cheques/ drafts on hand	101.43	49.50	16.78			
Cash on hand	5.37	12.12	6.85			
	<b>1,240.98</b>	<b>1,135.23</b>	<b>1,029.14</b>			
<b>Bank balance other than cash and cash equivalents</b>						
– Deposits with maturity for more than 12 months	184.19	-	-	176.32	-	34.13
– On unclaimed dividend account	1.76	2.16	2.01	-	-	-
– Margin money deposit	41.32	48.04	220.03	14.42	271.71	108.23
	<b>227.27</b>	<b>50.20</b>	<b>222.04</b>	<b>190.74</b>	<b>271.71</b>	<b>142.36</b>
Less: Amount disclosed under non-current financial assets (refer note 10)				(190.74)	(271.71)	(142.36)
	<b>1,468.25</b>	<b>1,185.43</b>	<b>1,251.18</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 55.74 million (March 31, 2016 - ₹ 319.75 million, April 1, 2015 - ₹ 328.26 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

	SBN's	Other denomi- nation notes *	₹ million Total
<b>Particulars</b>			
Closing cash in hand as on November 8, 2016	5.04	2.50	7.54
(+) Cash withdrawal	-	10.42	10.42
(+) Permitted receipts	-	3.77	3.77
(-) Permitted payments	-	13.01	13.01
(-) Amount deposited in banks	5.04	-	5.04
Closing cash in hand as on December 30, 2016	-	3.68	3.68

\*Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016. These are general receipts and payments of other denomination notes.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Balances with banks:</b>			
– On current accounts	1,133.22	1,031.73	1,004.68
– Deposits with less than three months maturity	0.96	41.88	0.83
Cheques/ drafts on hand	101.43	49.50	16.78
Cash on hand	5.37	12.12	6.85
	<b>1,240.98</b>	<b>1,135.23</b>	<b>1,029.14</b>

#### Break up of financial assets carried at amortised cost

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Investments (refer note 7)	0.08	198.58	398.58
Trade receivables (refer note 8)	2,410.11	2,787.10	1,985.90
Loans (refer note 9)	-	-	47.11
Other financial assets (refer note 10)	8,993.99	7,347.67	7,163.06
Cash and Cash equivalents (refer note 13)	1,468.25	1,185.43	1,251.18
<b>Total financial assets carried at amortised cost</b>	<b>12,872.43</b>	<b>11,518.78</b>	<b>10,845.83</b>

Note: Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

## 14 Share Capital

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Authorised shares</b>			
150,000,000 (March 31, 2016 - 150,000,000; April 1, 2015 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00	1,500.00
5,000,000 (March 31, 2016 - 5,000,000; April 1, 2015 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>			
96,304,676 (March 31, 2016 - 98,063,868; April 1, 2015 - 98,063,868) equity shares of ₹10 each fully paid up	963.05	980.64	980.64
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>963.05</b>	<b>980.64</b>	<b>980.64</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### (a) Reconciliation of the shares outstanding at the beginning and end of the reporting year

	31-Mar-17		31-Mar-16		1-Apr-15	
	No of Shares	₹ million	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>						
At the beginning of the year	98,063,868	980.64	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-	-	-
Shares bought back during the year	(1,759,192)	(17.59)	-	-	-	-
Outstanding at the end of the year	<b>96,304,676</b>	<b>963.05</b>	<b>98,063,868</b>	<b>980.64</b>	<b>98,063,868</b>	<b>980.64</b>

#### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would 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 shareholders.

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

	31-Mar-17		31-Mar-16		1-Apr-15	
	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>						
Mrs. Sobha Menon	40.35	41.89%	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon (Inclusive of joint holding with Mrs. Sobha Menon)	17.58	18.26%	17.98	18.34%	17.98	18.34%
Platinum Asia Fund	6.77	7.03%	6.77	6.91%	6.19	6.30%
Nordea 1 Sicav - Emerging Stars Equity Fund	4.40	4.57%	5.11	5.21%	-	0.00%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 15 Other equity

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Capital redemption reserve</b>		
Balance at the beginning of the year	87.29	87.29
Add: Amount transferred from surplus in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	17.59	-
<b>Closing balance</b>	<b>104.88</b>	<b>87.29</b>
<b>Debenture redemption reserve [Refer note (b) below]</b>		
Balance at the beginning of the year	117.14	-
Add: Amount transferred from surplus balance in the statement of profit and loss	311.54	117.14
<b>Closing balance</b>	<b>428.68</b>	<b>117.14</b>
<b>Securities premium account</b>		
Balance at the beginning of the year	10,497.27	10,497.27
Less: Premium on buy back of equity shares [Refer note (a) below]	(562.94)	-
<b>Closing balance</b>	<b>9,934.33</b>	<b>10,497.27</b>
<b>General reserve</b>		
Balance at the beginning of the year	2,447.36	2,310.44
Add: Transfer from statement of profit and loss	140.21	136.92
<b>Closing balance</b>	<b>2,587.57</b>	<b>2,447.36</b>
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	11,518.43	11,220.68
Profit for the year	1,607.53	1,380.65
<i>Other comprehensive income</i>		
Re-measurement gains/ (losses) on defined benefit plans	1.33	(1.84)
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 16	(231.68)	(827.00)
Transfer to debenture redemption reserve	(311.54)	(117.14)
Transfer to capital redemption reserve [Refer note (a) below]	(17.59)	-
Transfer to general reserve	(140.21)	(136.92)
<b>Net surplus in the statement of profit and loss</b>	<b>12,426.27</b>	<b>11,518.43</b>
<b>Total other equity</b>	<b>25,481.73</b>	<b>24,667.49</b>

- (a) During the year ended March 31, 2017, the Company has effected the buyback of 1,759,192 fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 330 per equity share on proportionate basis, aggregating to ₹ 580.53 million. The premium has been adjusted against the securities premium account in accordance with the provisions of the Companies Act 2013. In order to comply with Section 69 of the Companies Act, 2013, the Company has transferred nominal value of the shares bought back to capital redemption reserve.
- (b) The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ 311.54 million (March 31, 2016 - ₹ 117.14 million; April 1, 2015 - ₹ Nil).

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 16 Distribution made and proposed

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Cash dividend on equity shares proposed and paid</b>		
Final dividend for the year ended March 31, 2016- ₹ 2 per share (March 31, 2015- ₹ 7 per share)	192.47	686.45
Dividend distribution tax on final dividend	39.21	140.55
	<b>231.68</b>	<b>827.00</b>
<b>Proposed dividend on Equity shares</b>		
Final dividend for the year ended March 31, 2017- ₹ 2.50 per share (March 31, 2016- ₹ 2 per share)	240.76	196.13
Dividend distribution tax on proposed dividend	49.29	39.93
	<b>290.05</b>	<b>236.06</b>

#### 17 Borrowings

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non-current Borrowings</b>			
<b>Secured debentures</b>			
32,500 (March 31, 2016 - 32,500; April 1, 2015 - Nil) redeemable non-convertible debentures of ₹ 0.10 million each	3,183.62	3,153.30	-
<b>Secured loans</b>			
Term loans from banks	1,417.21	492.68	545.73
Term loans from financial institutions	246.65	733.42	341.34
Finance lease obligations	-	-	6.42
Equipment loans	0.19	0.19	0.19
	1,664.05	1,226.29	893.68
Amount disclosed under the head "other current financial liabilities" (refer note 18)	(424.34)	(449.87)	(159.90)
<b>Net amount</b>	<b>1,239.71</b>	<b>776.42</b>	<b>733.78</b>
<b>Unsecured loans</b>			
Term loans from financial institutions	-	1,216.41	1,496.94
	-	1,216.41	1,496.94
Amount disclosed under the head "other current financial liabilities" (refer note 18)	-	(375.00)	(281.25)
Net amount	-	841.41	1,215.69
<b>Total non-current Borrowings</b>	<b>4,423.33</b>	<b>4,771.13</b>	<b>1,949.47</b>
<b>Current Borrowings</b>			
<b>Secured loans</b>			
Term loans from banks*	11,274.20	10,705.55	10,022.49
Term loans from financial institutions*	4,036.99	5,161.33	5,334.28
Cash credit from banks	2,060.63	339.99	2,130.46
Net amount	17,371.82	16,206.87	17,487.23
<b>Total current Borrowings</b>	<b>17,371.82</b>	<b>16,206.87</b>	<b>17,487.23</b>

\* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 4,816.34 million (March 31, 2016 - ₹ 8,417.93 million; April 1, 2015 - ₹ 4,802.71 million)

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Non-current Borrowings

##### (i) Secured debentures

Particulars	Amount outstanding ( ₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Debentures	3,183.62	3,153.30	-	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the Group and maintaining Debt Service Reserve account equal to six months interest.	Repayable within a period ranging from 13 months to 49 months from the date of debenture issue.

##### (ii) Secured loans

Particulars	Amount outstanding ( ₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	-	545.73	11%-12%	Secured by equitable mortgage of certain land of the Group and hypothecation of all project specific assets and receivables of the Group.	Twenty four equal monthly instalments of ₹ 25 million commencing from June 30, 2016.
Term loans from banks	373.21	492.68	-	9%-11%	Secured by exclusive hypothecation charge on equipments procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from banks	300.00	-	-	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Twelve quarterly instalments of ₹ 25 million commencing at end of 15th month from the date of first disbursement.
Term loans from banks	744.00	-	-	10%-12%	Secured by equitable mortgage of commercial land and building and escrow of entire rent receivables from all lessees in the property of the Group. Corporate guarantee of Group Companies.	180 unequal monthly instalments commencing from Sept 15, 2016 ending Sept 15, 2031.
Term loans from financial institutions	15.32	188.01	341.34	10%-12%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Thirty equated monthly instalments from the date of first disbursement.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	231.33	545.41	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Group, leasehold rights of the Group and hypothecation of receivables and Escrow account of the Group. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Finance lease obligations	-	-	6.42	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly instalments commencing from the month the loan is availed.
Equipment loan	0.19	0.19	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

#### (iii) Unsecured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	-	1,216.41	1,496.94	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly instalments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

#### Current Borrowings

##### (i) Secured loans

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	1,948.37	1,945.49	11%-13%	Secured by equitable mortgage of certain land and inventory of the Group.	Three equal quarterly instalments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.
Term loans from banks	110.03	799.70	799.57	11%-12%	Secured by equitable mortgage of land. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly instalments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.



**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	-	-	357.02	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Group.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term loans from banks	-	6.80	464.74	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Group.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term loans from banks	-	-	124.64	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly instalments of ₹ 125 million commencing from September 30, 2013.
Term loans from banks	942.05	805.63	668.28	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly instalments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term loans from banks	-	531.08	520.54	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Monthly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	1,147.97	985.42	819.05	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly instalments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.
Term loans from banks	-	748.68	749.86	11%-13%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.
Term loans from banks	-	623.22	1,000.00	11%-13%	Secured by equitable mortgage of certain land and receivable of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty four equal monthly instalments of ₹ 41.70 million starting from July 15, 2015.
Term loans from banks	616.11	613.64	311.44	9%-11%	Secured by equitable mortgage of project specific inventory of the Group.	Five equal quarterly instalments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term loans from banks	379.35	379.04	268.73	9%-11%	Secured by equitable mortgage of project specific inventory of the Group.	Five unequal quarterly instalments after a moratorium of eleven months from the date of first disbursement.
Term loans from banks	249.44	498.77	498.11	9%-11%	Secured by equitable mortgage of certain land of the Group.	Eight equal quarterly instalments of ₹ 62.50 million starting from April 30, 2016.
Term loans from banks	-	869.56	-	11%-13%	Secured by equitable mortgage of certain land receivables and Escrow account and maintaining Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments of ₹ 41.75 million commencing from January 15, 2016.
Term loans from banks	2,486.74	629.80	-	9%-11%	Secured by equitable mortgage of project land and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).

**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	737.29	735.98	-	10%-12%	Secured by equitable mortgage of 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.
Term loans from banks	388.75	238.19	-	10%-12%	Secured by equitable mortgage of project property and all present and future assets of the Group relating to the project.	Repayable in 5 equal quarterly instalments of ₹ 150 million after 27 months moratorium period commencing from August 2018.
Term loans from banks	346.55	-	-	10%-12%	Secured by equitable mortgage of 61.10% of the project land, building to be constructed on the land and first charge on project cash flow/ receivables including escrow account	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	198.14	-	-	10%-12%	Secured by equitable mortgage of immovable project property to an extent of the developer's share in the project revenues and receivables and hypothecation on the project escrow account.	Repayable in 6 quarterly installment at end of 36th month from date of first disbursement considering construction period of 36 months.
Term loans from banks	599.86	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.
Term loans from banks	1,175.29	-	-	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on Group's share of receivables of the projects.	Repayable in equal quarterly instalments after 36 months moratorium period commencing from first disbursement.
Term loans from banks	997.54	-	-	10%-12%	Secured by equitable mortgage of property, hypothecation on scheduled receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 30 monthly instalments commencing from Sept 15, 2017.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from banks	497.86	-	-	8%-10%	Secured by charge on specific project inventory, current assets and receivables of the Group.	One instalment in every 2 Months.
Term loans from banks	1.23	-	-	10%-12%	Secured by equitable mortgage of certain land of the Group.	Repayable in 12 quarterly instalments commencing from June 30, 2018.
Term loans from banks	-	291.67	700.00	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Group.	Twelve equal monthly instalments of ₹ 53.33 million commencing from September 12, 2015.
Term loans from banks	-	-	390.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty monthly instalments in accordance with repayment schedule mentioned by the bank commencing from July 15, 2014.
Term loans from banks	-	-	405.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two equal quarterly instalments after moratorium period of thirty nine months.
Term loans from banks	400.00	-	-	9%-11%	Secured by equitable mortgage of land and inventory of the Group.	Repayment commencing from Nov-2017 ₹ 233.30 million and Feb-2018 ₹166.70million.
Term loans from financial institutions	-	-	166.85	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term loans from financial institutions	-	-	300.00	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly instalments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
Term loans from financial institutions	-	202.10	388.70	11%-13%	Secured by equitable mortgage of certain land and building and receivables of the Group.	Thirty two equal monthly instalments of ₹ 15.63 million starting from September 15, 2014.

**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	345.39	563.63	600.00	10%-12%	Secured by equitable mortgage fixed assets and receivables of the Group.	Forty eight equal monthly instalments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.
Term loans from financial institutions	-	-	1,495.04	12%-14%	Secured by equitable mortgage of certain land of the Group.	Twenty four equal monthly instalments of ₹ 62.50 million starting from January 15, 2016.
Term loans from financial institutions	-	254.34	398.22	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Group.	Thirty three equal monthly instalments of ₹ 12.12 million starting from April 30, 2015.
Term loans from financial institutions	-	342.11	497.35	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Eighteen equated monthly instalments after a moratorium of six months from the date of first disbursement.
Term loans from financial institutions	-	357.52	492.98	12%-14%	Secured by equitable mortgage of project specific inventory and certain receivables of the Group Company and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly instalments of ₹ 20 million starting from September 15, 2015.
Term loans from financial institutions	285.38	856.44	995.14	10%-12%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Twenty five equal monthly instalments of ₹ 41.70 million starting from April 15, 2016.
Term loans from financial institutions	660.94	1,244.32	-	10%-12%	Secured by equitable mortgage of certain land of Group and charge on hypothecation of receivable from the projects.	Repayable in 32 equal monthly instalments starting from 11th month from the first disbursement commencing from October 2016.
Term loans from financial institutions	-	650.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Group, leasehold rights of the company and hypothecation of receivables and Escrow account of the Group. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Term loans from financial institutions	417.75	690.87	-	10%-12%	Secured by mortgage of unsold units in the project of the Company and charge on the scheduled receivables of sold and unsold units under the documents entered into with the customers.	Repayable in 10 equal quarterly instalments of ₹ 70 million after 6 months moratorium period commencing from April 2016.
Term loans from financial institutions	937.59	-	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	₹ 650 million: Repayable in 36 principal monthly instalments of ₹17.10 mn each after principal moratorium period of 12 months from first disbursement. ₹ 350 mn: Repayable in 48 principal monthly instalments of ₹ 7.3 mn each from date of first disbursement.
Term loans from financial institutions	150.00	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	250.00	-	-	10%-12%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	500.00	-	-	10%-12%	Secured by equitable mortgage of certain land, building and project specific inventory of the Group, leasehold rights of the Group and hypothecation of receivables and Escrow account of the Group. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	489.94	-	-	10%-12%	Secured by equitable mortgage of land and receivables of the project.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from 15th month from the date of disbursement of loan.

**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Cash credit	-	-	429.44	12%-14%	Secured by charge on specific project inventory and receivables of the Group. Further, secured by equitable mortgage of land of the Group.	Repayable on demand
Cash credit	1,328.79	307.10	777.23	9%-11%	Secured by way of equitable mortgage of certain land and certain receivables of the Group Company.	Repayable on demand
Cash credit	20.89	13.18	321.56	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	-	0.50	9.27	9%-11%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	7.76	3.57	5.27	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	17.82	1.29	0.04	10%-12%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	-	-	15.11	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	-	-	548.07	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	3.70	3.86	6.51	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group.	Repayable on demand
Cash credit	0.27	0.76	6.70	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group.	Repayable on demand
Cash credit	-	9.71	5.65	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	Amount outstanding (₹ million)			Effective Interest rate	Security details	Repayment terms
	31-Mar-17	31-Mar-16	1-Apr-15			
Cash credit	-	-	3.47	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	1.22	0.02	2.14	9%-11%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	680.18	-	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group.	Repayable on demand

#### (iii) Details of collateral securities offered by related companies in respect of loans availed by the Group

Nature of loan	Amount outstanding (₹ million)			Name of the Company	Nature of security
	31-Mar-17	31-Mar-16	1-Apr-15		
Term loans	-	-	300.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	110.3	799.70	799.57	Rusoh Marina Properties Private Limited	Equitable mortgage of land
				Chikmangaloor Developers Private Limited	
				Mapedu Realtors Private Limited	
				Kuthavakkam Realtors Private Limited	
				Rusoh Modern Properties Private Limited	
				Kuthavakkam Builders Private Limited	
				Mapedu Builders Private Limited	
				Allapuzha Fine Real Estate Private Limited	
				Mapedu Real Estate Private Limited	
				Vayaloor Builders Private Limited	
				Kuthavakkam Properties Private Limited	
				Chikmangaloor Properties Private Limited	
				Rusoh Modern Builders Private Limited	
				Rusoh Modern Developers Private Limited	
				Kuthavakkam Developers Private Limited	
				Rusoh Home Developers Private Limited	
				Marina Realtors Private Limited	
				Chikmangaloor Realtors Private Limited	
				Rusoh Fine Builders Private Limited	
Term loans	360.71	751.64	941.34	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	1,668.92	1,195.41	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	744.00	-	-	Vayaloor Builders Pvt Ltd	Equitable mortgage of land
				Vayaloor Developers Pvt Ltd	
Term loans	-	1,216.41	1,496.94	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
				Sri Parvathy Land Developers Private Limited	

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 18 Other financial liabilities

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Non current</b>			
Land cost payable	1.52	101.72	101.72
<b>Total non-current other financial liabilities</b>	<b>1.52</b>	<b>101.72</b>	<b>101.72</b>
<b>Current</b>			
Current maturities of long-term borrowings (refer note 17) (Includes current maturity of finance lease obligation ₹ Nil million (March 31, 2016 - ₹ Nil million; April 1, 2015 - ₹ 6.42 million))	424.34	824.87	441.15
Letter of credit payable	949.36	269.08	-
Book overdraft from scheduled banks	31.82	46.11	1.22
Interest accrued but not due on borrowings	216.78	246.82	59.56
Unclaimed dividend*	1.76	2.16	2.01
Lease deposit	57.79	33.54	-
Others			
Non-trade payable	209.97	202.25	268.13
Security deposit towards maintenance services (refer note 33)	1,222.89	1,114.72	625.75
Payable to related parties (refer note 33)	267.17	257.37	278.31
Payable for purchase of fixed assets	6.05	21.09	64.70
Revenue share payable	533.59	336.70	-
<b>Total current other financial liabilities</b>	<b>3,921.52</b>	<b>3,354.71</b>	<b>1,740.83</b>
<b>Total other financial liabilities</b>	<b>3,923.04</b>	<b>3,456.43</b>	<b>1,842.55</b>

\*Investor Protection and Education Fund shall be credited for unclaimed dividends when due.

#### 19 Provisions

	31-Mar-17	Short term 31-Mar-16	1-Apr-15	31-Mar-17	Long term 31-Mar-16	1-Apr-15
<b>Provision for employee benefits</b>						
Provision for gratuity (refer note 35)	51.37	51.66	52.31	85.47	71.57	46.96
Provision for leave benefits	59.51	58.40	57.14	-	-	-
	110.88	110.06	109.45	85.47	71.57	46.96
<b>Others</b>						
Other provisions	-	-	-	75.90	75.90	75.90
Estimated project costs to be incurred for the completed project*	31.38	-	-	-	-	-
	31.38	-	-	75.90	75.90	75.90
	<b>142.26</b>	<b>110.06</b>	<b>109.45</b>	<b>161.37</b>	<b>147.47</b>	<b>122.86</b>

\*The Group had provided for expected cost for completed projects, based on technical evaluation and management's best estimate of meeting such obligation.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 20 Income tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

##### Statement of profit and loss:

##### Profit or loss section

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Current income tax:</b>		
Current income tax charge	961.16	360.55
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	9.06	827.71
<b>Income tax expense reported in the statement of profit or loss</b>	<b>970.22</b>	<b>1,188.76</b>

Tax expenses (net) for the year ended March 31, 2017 includes taxes of ₹ 18.07 million (Previous year - ₹ 237.50 million) relating to earlier years.

##### OCI section

##### Deferred tax related to items recognised in OCI during the year:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Net loss/(gain) on remeasurements of defined benefit plans	0.71	(0.98)
<b>Income tax charge to OCI</b>	<b>0.71</b>	<b>(0.98)</b>

##### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Accounting profit before income tax	2,448.50	2,538.62
Tax on accounting profit at statutory income tax rate 34.608% (March 31, 2016: 34.608%)	847.38	878.57
Adjustments in respect of current income tax of previous years	-	237.50
Adjustments in respect of deferred tax of previous years	18.07	-
Adjustments in respect of losses in subsidiaries on consolidation	41.87	-
<i>Non-deductible expenses for tax purposes:</i>		
Disallowance u/s 80G	27.17	29.38
Other	35.73	8.31
Other:		
Effect of increase in surcharge	-	34.50
At the effective income tax rate of 39.63% (March 31, 2016: 46.81%)	970.22	1,188.26
<b>Tax expense reported in the Statement of profit or loss</b>	<b>970.22</b>	<b>1,188.26</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Deferred tax

Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16
Accelerated depreciation for tax purposes	26.14	34.14	42.87	(8.00)	(8.73)
Interest U/S 36(1)(iii)-Interest Inventorised/Capitalised in the books but claimed as expense in Tax	(2,773.53)	(2,600.73)	(1,698.03)	(172.80)	(902.70)
Provision for leave salary	19.88	21.19	19.49	(1.31)	1.70
Provision for doubtful debts	7.69	7.68	7.68	0.01	-
Difference of Finance lease	-	0.02	(2.59)	(0.02)	2.61
Depreciation and Interest as per books and Rent allowed as per IT Act					
Deferred tax on brought forward losses	18.63	-	-	18.63	-
Deferred tax adjustment for opening Ind AS adjustments	183.63	183.63	183.63	-	-
Deferred tax adjustment for periods Ind AS adjustments	234.11	80.39	-	153.72	80.39
<b>Deferred tax expense / (income)</b>				<b>(9.77)</b>	<b>(826.73)</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(2,283.45)</b>	<b>(2,273.68)</b>	<b>(1,446.95)</b>		

#### Reconciliation of deferred tax liabilities (net):

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Balance at the beginning of the year</b>	2,273.68	1,446.95
Tax income/(expense) during the period recognised in profit or loss	9.06	827.71
Tax income/(expense) during the period recognised in OCI	0.71	(0.98)
<b>Closing balance</b>	<b>2,283.45</b>	<b>2,273.68</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2017 and March 31, 2016, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 21 Trade payables

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Trade payables</b>			
- Total outstanding dues of micro enterprises and small enterprises (refer note 40 for details of dues to micro and small enterprises)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises			
Land cost payable	3,080.96	68.44	150.00
Others	4,612.33	3,114.00	3,558.18
	<b>7,693.29</b>	<b>3,182.44</b>	<b>3,708.18</b>

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

For explanations on the Group's credit risk management processes, refer to note 44.

#### 22 Other liabilities

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Advance from customers	8,854.68	7,561.15	6,195.20
Liability under JDA (Net of unbilled revenue)	16,862.89	17,088.35	13,474.27
VAT payable	235.53	-	-
Withholding taxes payable	51.57	41.14	37.59
Service tax payable	-	2.43	0.01
Others	81.56	47.39	49.66
	<b>26,086.23</b>	<b>24,740.46</b>	<b>19,756.73</b>

#### Breakup of financial liabilities carried at amortised cost

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Borrowings (refer note 17)	21,795.15	20,978.00	19,436.70
Other financial liabilities (refer note 18)	3,923.04	3,456.43	1,842.55
Trade payables (refer note 21)	7,693.29	3,182.44	3,708.18
<b>Total financial liabilities carried at amortised cost</b>	<b>33,411.48</b>	<b>27,616.87</b>	<b>24,987.43</b>

The Company has classified its operating assets and liabilities relating to real estate business as current based on an operating cycle of upto 5 years. Below are the details of real estate assets and liabilities expected to be recovered or settled after more than twelve months from the reporting period.

	31-Mar-17		31-Mar-16		1-Apr-15	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Inventories	3,860.20	47,099.73	1,372.72	41,276.22	1,509.22	36,647.29
Refundable deposit towards joint development agreement	535.32	3,646.53	214.17	3,254.61	73.90	2,377.54
Land advance	707.95	15,288.24	113.42	17,123.22	557.06	15,894.00
Unbilled revenue	4,338.68	-	3,355.86	-	4,293.18	-
Borrowings	5,240.68	16,554.47	9,242.80	11,735.20	5,243.86	14,192.84
Advance from customers	337.65	8,517.03	430.71	7,130.44	106.99	6,088.21
Liability under JDA (Net of unbilled revenue)	42.22	16,820.67	1.44	17,086.91	1.53	13,472.74

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 23 Revenue from operations

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Revenue from operations</b>		
Sale of products/ finished goods (including excise duty)		
Income from property development	13,596.46	12,661.80
Income from sale of land and development rights	1,078.60	330.02
Income from glazing works	1,486.06	1,115.08
Income from interior works	930.11	922.68
Income from concrete blocks	270.00	264.55
Sale of services		
Income from contractual activity - Joint Venture	486.80	236.63
Income from contractual activity - Others	4,404.63	3,902.06
Rental income from operating leases	113.35	23.57
Income from maintenance	65.44	18.93
Other operating revenue		
Interest on land advances	-	49.28
Scrap sales	30.47	40.95
<b>Total</b>	<b>22,461.92</b>	<b>19,565.55</b>

Sale of products/ finished goods includes excise duty collected from customers of ₹ 170.85 million (Previous year- ₹ 133.57 million). Sale of products/ finished goods net of excise duty is ₹ 17,190.38 million (Previous year- ₹ 15,160.56 million).

Excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 1.51 million (Previous year - ₹ 0.35 million) has been considered as (income)/expense in note 30 of financial statements.

#### 24 Other income

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	57.65	88.57
	<b>57.65</b>	<b>88.57</b>

#### 25 Finance income

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Interest income on		
Bank deposits	32.44	13.34
Long term investments	11.58	61.75
Current investments	2.23	15.59
Others	0.05	0.33
Unwinding of discount on deposits	282.15	163.25
	<b>328.45</b>	<b>254.26</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 26 Cost of raw material and components consumed

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Inventory at the beginning of the year		
Glazing material	127.60	144.22
Interior material	116.13	117.41
Concrete block material	31.32	60.56
	275.05	322.19
Add: Purchases		
Glazing material	1,065.70	722.18
Interior material	780.77	600.24
Concrete block material	247.57	235.89
	2,094.04	1,558.31
Less: Inventory at the end of the year		
Glazing material	211.85	127.60
Interior material	139.64	116.13
Concrete block material	37.18	31.32
	388.67	275.05
Cost of raw material and components consumed		
Glazing material	981.45	738.80
Interior material	757.26	601.52
Concrete block material	241.71	265.13
<b>Cost of raw material and components consumed</b>	<b>1,980.42</b>	<b>1,605.45</b>

#### 27 (Increase) / decrease in inventories

	31-Mar-17	31-Mar-16	Add: Opening inventory acquired on acquisition of subsidiary	Less: Transferred to Capital work-in-progress/ tangible assets/ advances	₹ million (Increase) / decrease
Inventories at the end of the year					<b>31-Mar-17</b>
Building materials	126.09	56.33	-	-	(69.76)
Land stock	9,483.11	7,400.21	-	-	(2,082.90)
Work-in-progress	38,721.81	33,987.86	(757.12)	-	(3,976.83)
Stock in trade - flats	1,480.08	881.30	-	-	(598.78)
Finished goods	760.17	48.19	-	-	(711.98)
	<b>50,571.26</b>	<b>42,373.89</b>	<b>(757.12)</b>	<b>-</b>	<b>(7,440.25)</b>
Inventories at the beginning of the year					<b>31-Mar-16</b>
Building materials	56.33	17.20	-	-	(39.13)
Land stock	7,400.21	8,325.25	-	1,769.74	(844.70)
Work-in-progress	33,987.86	29,088.07	-	-	(4,899.79)
Stock in trade - flats	881.30	358.85	-	-	(522.45)
Finished goods	48.19	44.95	-	-	(3.24)
	<b>42,373.89</b>	<b>37,834.32</b>	<b>-</b>	<b>1,769.74</b>	<b>(6,309.31)</b>
Less: Transferred to Capital work-in-progress/ tangible assets/ advances	-	1,769.74			
Add: Opening inventory acquired on acquisition of subsidiaries	757.12	-			
	<b>43,131.01</b>	<b>36,064.58</b>			
(Increase)/ decrease	<b>(7,440.25)</b>	<b>(6,309.31)</b>			



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 28 Employee benefits expense

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Salaries, wages and bonus	1,624.59	1,596.50
Contribution to provident and other funds	52.23	52.70
Gratuity expense (refer note 35)	25.03	23.32
Compensated absence	23.37	23.64
Staff welfare expenses	54.13	65.67
	<b>1,779.35</b>	<b>1,761.83</b>

#### 29 Depreciation and amortization expense

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Depreciation of tangible assets	597.51	576.72
Amortization of intangible assets	3.15	9.36
Depreciation of investment properties	37.57	10.81
	<b>638.23</b>	<b>596.89</b>

#### 30 Other expenses

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Excise duty on (increase)/ decrease in inventory	(1.51)	(0.35)
License fees and plan approval charges	334.94	503.82
Power and fuel	406.03	314.39
Water charges	70.69	80.50
Freight and forwarding charges	108.22	101.23
Rent	289.43	315.89
Rates and taxes	121.91	78.90
Insurance	40.53	41.44
Property maintenance expenses	164.65	83.16
Repairs and maintenance		
Plant and machinery	30.93	24.20
Others	44.32	42.01
Advertising and sales promotion	611.28	435.69
Brokerage and discounts	76.66	76.13
Donation (refer note 31)	152.73	170.76
Travelling and conveyance	248.26	264.88
Communication costs	0.12	-
Legal and professional fees	235.11	210.05
Directors' commission and sitting fees	8.10	8.44
Payment to auditor (Refer details below)	14.16	12.22
Exchange difference (net)	0.57	2.83
Provision for doubtful debts and advances (net of write off)	2.36	-
Loss on sale of fixed assets (net)	0.18	9.50
Miscellaneous expenses	334.30	355.80
	<b>3,293.97</b>	<b>3,131.49</b>

#### Payment to auditor \*

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 4.90 million (Previous year - ₹ 5.40 million)]	12.85	11.60
In other capacity:		
Other services	0.50	-
Reimbursement of expenses	0.81	0.62
	<b>14.16</b>	<b>12.22</b>

\* Net of service tax

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 31 Details of CSR expenditure:

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Gross amount required to be spent during the year was ₹ 68.20 million (Previous year- ₹ 71.60 million)		
Amount spent during the year ending on March 31, 2017:	In cash	Yet to be paid in cash
Construction/acquisition of any asset	-	-
On purposes other than above	150.42	-
<b>Total</b>	<b>150.42</b>	<b>-</b>
Amount spent during the year ending on March 31, 2016:	In cash	Yet to be paid in cash
Construction/acquisition of any asset	-	-
On purposes other than above	167.60	-
<b>Total</b>	<b>167.60</b>	<b>-</b>

#### 32 Finance costs

	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Interest		
- On borrowings	2,479.50	2,613.89
- Others	92.34	37.59
Bank charges	169.23	177.94
	<b>2,741.07</b>	<b>2,829.42</b>
Less: Interest cross charged/ inventorised/ capitalised on qualifying assets	(1,244.37)	(1,192.85)
<b>Total finance costs</b>	<b>1,496.70</b>	<b>1,636.57</b>

#### 33 Related party transactions

- a) The following table provides the name of the related party and the nature of its relationship with the Group:

##### Joint Venture

Sobha Highrise Ventures Private Limited [upto January 30, 2017]

##### Key Shareholder

Mr. P. N. C. Menon [ Refer note 14(c)]

Mrs. Sobha Menon [ Refer note 14(c)]

##### Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

Mr. J. C. Sharma - Vice Chairman and Managing Director

Mr. P. Ramakrishnan - Executive Director

##### Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place during the year

Mr. Subhash Bhat - Chief Financial Officer

Mr. Kishore Kayarat - Company Secretary (upto September 10, 2016)

Mr. Vighneshwar G Bhat - Company Secretary (from September 10, 2016)

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Other Directors

Mr. Anup Shah

Dr. S K Gupta

Mr. R V S Rao

Dr. Punita Kumar Sinha

Mr. M Damodaran

#### **Relatives of key management personnel**

Mrs. Sudha Menon

#### **Other Related Parties [Enterprise owned or significantly influenced by key management personnel]**

Al Barakah Financial Services Limited

Allapuzha Fine Real Estate Private Limited

Architectural Metal Works FZCO

Bikasa Properties Private Limited

Bikasa Realtors Private Limited

Chikmangaloor Realtors Private Limited

Chikmangaloor Properties Private Limited

Cochin Cyber City Private Limited

Cochin Cyber Golden Properties Private Limited

Cochin Cyber Value Added Properties Private Limited

Cochin Super City Developers Private Limited

Daram Cyber Developers Private Limited

Daram Cyber Properties Private Limited

Daram Land Real Estate Private Limited

Divyakaushal Properties LLP

Greater Cochin Cyber City Private Limited

Greater Cochin Developers Private Limited

Greater Cochin Properties Private Limited

Greater Cochin Realtors Private Limited

HBR Consultants Private Limited

Hill and Menon Securities Private Limited

Kilai Builders Private Limited

Kilai Properties Private Limited

Kilai Super Developers Private Limited

Kuthavakkam Developers Private Limited

Kuthavakkam Properties Private Limited

Mannur Properties Private Limited

Mannur Real Estate Private Limited

Mapedu Realtors Private Limited

Mapedu Real Estates Private Limited

Moolamcode Traders Private Limited

Oman Builders Private Limited

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017**

Padmalochana Enterprises Private Limited  
Pallavur Projects Private Limited  
Perambakkam Builders Private Limited  
PNC Technologies Private Limited  
PNC Lighting Solutions Private Limited  
Punkunnam Builders and Developers Private Limited  
Puzhakkal Developers Private Limited  
Red Lotus Realtors Private Limited  
Royal Interiors Private Limited  
Rusoh Fine Builders Private Limited  
Rusoh Marina Properties Private Limited  
Rusoh Modern Properties Private Limited  
SBG Housing Private Limited  
Sengadu Builders Private Limited  
Sengadu Developers Private Limited  
Sengadu Properties Private Limited  
Services and Trading Co. LLC  
Sobha Aviation and Engineering Services Private Limited  
Sobha Contracting LLC, Dubai  
Sobha Engineering and Contracting LLC, Dubai  
Sobha Electro Mechanical Private Limited  
Sobha Glazing & Metal Works Private Limited  
Sobha Hitech City Developers Private Limited  
Sobha Innercity Technopolis Private Limited  
Sobha Interiors Private Limited  
Sobha Jewellery Private Limited  
Sobha Maple Tree Developers Private Limited  
Sobha Projects & Trade Private Limited  
Sobha Puravankara Aviation Private Limited  
Sobha Renaissance Information Technology Private Limited  
Sobha Space Private Limited  
Sobha Technocity Private Limited  
Sobha Ventures Limited  
Sri Durga Devi Property Management Private Limited  
Sri Kanakadurga Property Developers Private Limited  
Sri Kurumba Trust  
Sri Parvathy Land Developers Private Limited  
Sunbeam Projects Private Limited  
Technobuild Developers Private Limited  
Thakazhi Developers Private Limited  
Thakazhi Realtors Private Limited  
Tirur Cyber Real Estates Private Limited

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### b) Details of the transactions with the related parties:

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>I. Transaction with Joint venture</b>		
<b>Income from contractual activity</b>		
Sobha Highrise Ventures Private Limited	487.16	236.63
<b>Interest income on debentures</b>		
Sobha Highrise Ventures Private Limited	11.58	61.75
<b>Payments made on behalf of related party</b>		
Sobha Highrise Ventures Private Limited	18.15	14.61
<b>II. Transaction with other related parties</b>		
<b>Income from sale of land and development rights</b>		
Kilai Properties Private Limited	-	0.82
Mannur Real Estate Private Limited	-	3.70
<b>Income from glazing works</b>		
Sri Kurumba Trust	0.09	3.71
<b>Income from interior works</b>		
Sobha Projects & Trade Private Limited	-	0.17
Sri Kurumba Trust	5.63	8.51
<b>Purchase of project items</b>		
Sobha Projects & Trade Private Limited	220.04	161.15
<b>Aircraft hire charges*</b>		
Sobha Puravankara Aviation Private Limited	119.33	116.76
<b>CSR expenditure - Donation</b>		
Sri Kurumba Trust	143.42	167.60
<b>Payments made on behalf of related party</b>		
Technobuild Developers Private Limited	0.36	0.57
Sobha Projects & Trade Private Limited	-	5.46
Punkunnam Builders and Developers Private Limited	-	0.02
Mannur Properties Private Limited	0.02	-
Mannur Real Estate Private Limited	-	0.01
Moolamcode Traders Private Limited	0.01	0.02
Pallavur Projects Private Limited	0.01	0.03
Puzhakkal Developers Private Limited	-	0.05
Sri Kurumba Trust	2.48	1.58
Sri Durga Devi Property Management Private Limited	0.84	0.06
SBG Housing Private Limited	0.01	-
Sobha Aviation and Engineering Services Private Limited	0.01	-
Sobha Technocity Private Limited	0.01	-

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Payments made by related party on behalf of the Company</b>		
Sri Kanakadurga Property Developers Private Limited	0.03	1.66
Sri Parvathy Land Developers Private Limited	0.01	0.03
<b>Advance paid towards purchase of land, goods or services</b>		
Technobuild Developers Private Limited	399.02	208.82
Sri Parvathy Land Developers Private Limited	-	8.67
Puzhakkal Developers Private Limited	-	24.75
Sobha Projects & Trade Private Limited	301.51	223.90
Sobha Puravankara Aviation Private Limited	148.87	279.57
Sri Durga Devi Property Management Private Limited	-	1.63
<b>Advance repaid</b>		
Technobuild Developers Private Limited	-	18.01
<b>Refund of advance by the related party</b>		
Sobha Projects & Trade Private Limited	38.50	-
Sobha Puravankara Aviation Private Limited	2.00	-
Technobuild Developers Private Limited	201.80	245.21
<b>Rent paid</b>		
Sobha Interiors Private Limited	15.61	15.46
Sobha Glazing & Metal Works Private Limited	6.13	6.07
<b>III. Transaction with key managerial personnel</b>		
<b>Income from glazing works</b>		
Mr. Ravi PNC Menon	-	0.81
<b>Income from interior works</b>		
Mr. Ravi PNC Menon	-	0.14
<b>Directors' remuneration</b>		
Mr. J. C. Sharma	42.80	41.00
Mr. Ravi PNC Menon	79.43	79.12
Mr. P. Ramakrishnan	9.55	8.33
<b>Dividend paid (Payment basis)</b>		
Mr. Ravi PNC Menon	0.07	0.23
Mr. J. C. Sharma	0.18	0.63
<b>Salary (including perquisites)</b>		
Mr. Subhash Bhat	10.13	8.02
Mr. Kishore Kayarat	1.84	2.82
Mr. Vighneshwar G Bhat	1.78	-

**Sobha Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2017**

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Directors' sitting fees and commission</b>		
Mr. Anup Shah	1.67	1.69
Dr. S K Gupta	1.67	1.65
Mr. R V S Rao	1.63	1.64
Dr. Punita Kumar Sinha	1.60	1.58
Mr. M Damodaran	1.53	1.56
<b>Payments made on behalf of related party</b>		
Mr. Ravi PNC Menon	1.36	0.40
Mr. P. Ramakrishnan	-	0.03
<b>Rent paid</b>		
Mr. Ravi PNC Menon	-	0.60
<b>V. Transaction with key shareholders</b>		
<b>Dividend paid (Payment basis)</b>		
Mr. P. N. C. Menon	24.45	87.42
Mrs. Sobha Menon	80.69	289.44
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	10.72	38.46
<b>Buyback of equity share</b>		
Mr. P. N. C. Menon	87.32	-
Mrs. Sobha Menon	330.62	-
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	44.06	-

**c) Details of balances receivable from and payable to related parties are as follows:**

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>I. Balances receivable from and payable to Joint ventures</b>			
<b>Investment in preference shares</b>			
Sobha Highrise Ventures Private Limited	-	77.00	77.00
<b>Investment in debentures</b>			
Sobha Highrise Ventures Private Limited	-	198.50	398.50
<b>Trade receivables</b>			
Sobha Highrise Ventures Private Limited	-	-	55.42
<b>Interest accrued on investments</b>			
Sobha Highrise Ventures Private Limited	-	8.29	15.48
<b>Advance from customers</b>			
Sobha Highrise Ventures Private Limited	-	25.39	-
<b>Guarantees given</b>			
Sobha Highrise Ventures Private Limited	-	160.00	150.00

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	31-Mar-17	31-Mar-16	₹ million 1-Apr-15
<b>II. Balances receivable from and payable to other related parties</b>			
<b>Inter-corporate deposit**</b>			
Sobha Renaissance Information Technology Private Limited	-	-	47.11
<b>Land advance</b>			
Technobuild Developers Private Limited	8,268.42	8,070.84	8,103.00
Puzhakkal Developers Private Limited	150.27	150.27	125.47
Sri Parvathy Land Developers Private Limited	101.33	101.33	92.14
Sri Durga Devi Property Management Private Limited	53.11	52.27	50.59
<b>Rent deposit</b>			
Sobha Glazing & Metal Works Private Limited	26.22	23.28	20.68
Sobha Interiors Private Limited	66.74	59.28	52.64
<b>Advances recoverable in cash or in kind</b>			
Sobha Projects & Trade Private Limited	519.00	443.31	374.52
Sobha Puravankara Aviation Private Limited	671.45	595.00	388.05
Architectural Metal Works FZCO	-	0.29	0.29
Punkunnam Builders and Developers Private Limited	0.03	0.03	0.01
Sobha Aviation and Engineering Services Private Limited	0.01	-	-
Mannur Properties Private Limited	0.02	-	-
Sobha Technocity Private Limited	0.01	-	-
Sobha Contracting LLC, Dubai	5.15	5.15	5.15
<b>Trade receivables</b>			
Sri Kurumba Trust	16.66	24.48	25.18
<b>Trade payables</b>			
SBG Housing Private Limited	2.69	2.68	2.68
Sobha Puravankara Aviation Private Limited	358.00	308.67	231.24
Sobha Space Private Limited	-	-	0.58
Sobha Projects & Trade Private Limited	13.11	13.11	13.11
Technobuild Developers Private Limited	156.03	156.03	181.20
<b>Capital creditors**</b>			
Sobha Renaissance Information Technology Private Limited	2.89	2.89	50.00



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Advance from customers</b>			
Divyakaushal Properties LLP	2.94	39.89	-
<b>Securities given by way of charge on receivables of the Group for loan availed by related party</b>			
Sobha Puravankara Aviation Private Limited		940.00	940.00
<b>III. Balances receivable from and payable to key managerial personnel</b>			
<b>Non-trade payable</b>			
Mr. J. C. Sharma	30.92	29.62	77.62
Mr. Ravi PNC Menon	30.92	32.44	36.47

\* During the year ended March 31, 2015, the Company had renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 1, 2014. The aircraft hire charges has been accrued based on revised agreement.

\*\* Inter-corporate deposit receivable balance of ₹ 47.11 million from Sobha Renaissance Information Technology Private Limited ('SRIT') has been set off against the payable balance to SRIT during the year ended March 31, 2016.

#### d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of Joint Venture) and settlement occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016 - ₹ Nil; April 1, 2015 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### e) Compensation of key management personnel of the Group

Particulars	₹ million	
	31-Mar-17	31-Mar-16
Short-term employee benefits	78.74	72.13
Commission to independent directors	7.50	7.50
Other benefits*	66.79	67.16
	<b>153.03</b>	<b>146.79</b>

\*As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

#### f) Also, refer note 17 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 34 Segment Information

The Chief Financial Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

- Real estate segment;
- Contractual and manufacturing segment.

Real Estate segment (RE) is into development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

Contractual and Manufacturing Segment (CM) is into development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended March 31, 2017 and March 31, 2016 respectively.

#### Business segments

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Segment revenue</b>		
Real estate	14,884.12	13,360.75
Contractual & Manufacturing	8,445.03	6,940.80
<b>Total Segment revenue</b>	<b>23,329.15</b>	<b>20,301.55</b>
Inter segment revenues	(867.73)	(736.00)
<b>Net income from operations</b>	<b>22,461.42</b>	<b>19,565.55</b>
<b>Segment result</b>		
Real estate	4,054.92	3,987.93
Contractual & Manufacturing	1,080.70	1,134.88
<b>Total Segment results</b>	<b>5,135.62</b>	<b>5,122.81</b>
Finance costs	(1,496.70)	(1,636.57)
Other unallocable expenditure	(1,576.52)	(1,290.45)
Other income (including finance income)	386.10	342.83
<b>Profit before taxation</b>	<b>2,448.50</b>	<b>2,538.62</b>
Share of profit/ (loss) of a joint venture	129.25	30.29
Income taxes	(970.22)	(1,188.26)
<b>Profit after taxation</b>	<b>1,607.53</b>	<b>1,380.65</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

The following table presents assets and liabilities information for the Group's operating segments as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively

Particulars	₹ million		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment assets</b>			
Real estate	79,307.91	71,284.92	62,687.63
Contractual & Manufacturing	4,188.59	3,933.32	3,939.36
<b>Total Segment assets</b>	<b>83,496.50</b>	<b>75,218.24</b>	<b>66,626.99</b>
Unallocated assets	5,433.88	5,469.04	5,417.20
<b>Total Assets</b>	<b>88,930.38</b>	<b>80,687.28</b>	<b>72,044.19</b>
<b>Segment liabilities</b>			
Real estate	34,429.33	27,461.30	22,775.15
Contractual & Manufacturing	1,669.77	1,853.70	1,228.25
<b>Total Segment liabilities</b>	<b>36,099.10</b>	<b>29,315.00</b>	<b>24,003.40</b>
Unallocated liabilities	26,386.50	25,724.15	22,944.47
<b>Total liabilities</b>	<b>62,485.60</b>	<b>55,039.15</b>	<b>46,947.87</b>
<b>Capital employed</b>			
Real estate	44,878.58	43,823.62	39,912.48
Contractual & Manufacturing	2,518.82	2,079.62	2,711.11
Unallocated Capital employed	(20,952.62)	(20,255.11)	(17,527.27)
<b>Total Capital employed</b>	<b>26,444.78</b>	<b>25,648.13</b>	<b>25,096.32</b>

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

Particulars	₹ million	
	31-Mar-17	31-Mar-16
<b>Capital expenditure</b>		
Real estate	26.39	3,048.75
Contractual & Manufacturing	5.69	36.58
Unallocate Capital expenditure	373.59	(33.94)
<b>Total Capital expenditure</b>	<b>405.67</b>	<b>3,051.39</b>

Capital expenditure consists of additions of property, plant and equipment, intangible assets and capital work-in-progress.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Reconciliations to amounts reflected in the financial statements

##### Reconciliation of assets

			₹ million
Particulars	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment assets</b>	<b>83,496.50</b>	<b>75,218.24</b>	<b>66,626.99</b>
Investment (refer note 7)	0.18	293.83	463.54
Loans (refer note 9)	-	-	47.11
Prepaid expenses (refer note 11)	258.53	288.11	288.34
Balances with statutory/ government authorities (refer note 11)	1,056.51	1,044.55	599.70
Interest accrued on investments (refer note 11)	0.78	8.29	20.89
Current tax assets (net)	20.65	12.66	-
Deferred tax assets (net) (refer note 12)	-	62.96	193.20
Cash and cash equivalents (refer note 13)	1,240.98	1,135.23	1,029.14
Bank balance other than cash and cash equivalents (refer note 13)	227.27	50.20	222.04
Non-current bank balances (refer note 13)	190.74	271.71	142.36
Other unallocable assets	2,438.24	2,301.50	2,410.88
<b>Total Assets</b>	<b>88,930.38</b>	<b>80,687.28</b>	<b>72,044.19</b>

##### Reconciliation of liabilities

			₹ million
Particulars	31-Mar-17	31-Mar-16	1-Apr-15
<b>Segment Liabilities</b>	<b>36,099.10</b>	<b>29,315.00</b>	<b>24,003.40</b>
Borrowings (refer note 17)	21,795.15	20,978.00	19,436.70
Provisions (refer note 19)	303.63	257.53	232.31
Deferred tax liabilities (refer note 20)	2,283.45	2,273.68	1,446.95
Liabilities for current tax (net)	400.81	150.61	524.45
VAT payable (refer note 22)	235.53	-	-
Withholding taxes payable (refer note 22)	51.57	41.14	37.59
Service tax payable (refer note 22)	-	2.43	0.01
Others payable (refer note 22)	81.56	47.39	49.66
Other unallocable liabilities	1,234.80	1,973.37	1,216.80
<b>Total Liabilities</b>	<b>62,485.60</b>	<b>55,039.15</b>	<b>46,947.87</b>

#### 35 Gratuity and other post-employment benefit plans

	31-Mar-17	31-Mar-16
Particulars	₹ million	₹ million
<b>Defined benefit plan</b>	<b>136.84</b>	<b>123.23</b>
Non-current	85.47	71.57
Current	51.37	51.66

The Group has a defined benefit gratuity plan (funded). The Group's defined benefit gratuity plan is a final salary plan, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

#### Changes in the projected benefit obligation and fair value of plan assets:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
<b>Change in projected benefit obligation</b>		
Obligation at beginning of the year	125.89	112.02
Service cost	15.64	15.82
Interest cost	9.72	8.84
Benefits settled	(11.93)	(12.77)
Actuarial (gain)/loss (through OCI)	(2.18)	1.98
Obligation at end of the year	<b>137.14</b>	<b>125.89</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	2.66	12.75
Expected return on plan assets	0.21	1.02
Actuarial gain/(loss) (through OCI)	(0.14)	(0.84)
Contributions	9.50	2.50
Transfer		
Benefits settled	(11.93)	(12.77)
Plan assets at end of the year, at fair value	<b>0.30</b>	<b>2.66</b>
Present value of projected benefit obligation at the end of the year	137.14	125.89
Fair value of plan assets at the end of the year	0.30	2.66
<b>Net liability recognised in the balance sheet</b>	<b>136.84</b>	<b>123.23</b>
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	15.64	15.81
Interest cost (net)	9.51	7.83
Gratuity cost	<b>25.15</b>	<b>23.64</b>
Capitalised to property plant and equipments	(0.12)	(0.32)
<b>Net gratuity cost</b>	<b>25.03</b>	<b>23.32</b>
<b>Re-measurement gains/ (losses) in OCI</b>		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	(5.38)	(0.89)
Actuarial gain / (loss) due to experience adjustments	7.56	(1.09)
Return on plan assets greater (less) than discount rate	(0.14)	(0.84)
<b>Total expenses routed through OCI</b>	<b>2.04</b>	<b>(2.82)</b>

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Investment in insurance fund	100%	100%	100%

#### Assumptions

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate	6.77%	7.72%	7.89%
Future salary increases	5.00%	5.00%	5.00%
Employee turnover	15.00%	15.00%	15.00%
Estimated rate of return on plan assets	6.77%	7.72%	7.89%

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Effect of + 1% change in rate of discounting	(5.65)	(5.06)
Effect of - 1% change in rate of discounting	6.22	5.55
Effect of + 1% change in rate of salary increase	6.27	5.65
Effect of - 1% change in rate of salary increase	(5.80)	(5.23)
Effect of + 1% change in rate of employee turnover	0.24	0.47
Effect of - 1% change in rate of employee turnover	(0.29)	(0.54)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Within the next 12 months	51.37	51.66
Between 2 and 5 years	43.12	35.57
Between 5 and 10 years	53.08	53.04
<b>Total expected payments</b>	<b>147.57</b>	<b>140.27</b>
Contributions likely to be made for next one year	51.37	51.66

### 36 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-17	31-Mar-16
Profit after tax attributable to shareholders (Amount in ₹ million)	1,607.53	1,380.65
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic and diluted EPS	9,68,73,401	9,80,63,868

### 37 Commitments and contingencies

#### a. Leases

##### Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its fixed assets. These operating leases have variable terms ranging from 12 months to 36 months upto eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Group has recognised ₹ 113.35 million (March 31, 2016 - ₹ 23.57 million) during the year towards lease rental income.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Within one year	103.36	48.41	-
After one year but not more than five years	138.43	21.95	-
More than five years	-	-	-
	<b>241.79</b>	<b>70.36</b>	<b>-</b>

#### Operating lease commitments - Group as lessee

Operating lease obligations: The Group has taken office, other facilities and other equipments under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Group has paid ₹ 289.43 million (March 31, 2016 - ₹ 315.89 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	31 Mar 17 ₹ million	31 Mar 16 ₹ million	1 Apr 15 ₹ million
Within one year	69.02	71.17	67.50
After one year but not more than five years	163.21	164.86	165.89
More than five years	150.82	171.37	190.94
	<b>383.05</b>	<b>407.40</b>	<b>424.33</b>

#### Finance lease commitments - Company as lessee

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows:

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Within one year	-	-	-	-	6.55	6.42
After one year but not more than five years	-	-	-	-	-	-
More than five years	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.55</b>	<b>6.42</b>
Less: amounts representing finance charges	-	-	-	-	0.13	-
<b>Present value of minimum lease payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.42</b>	<b>6.42</b>

#### b. Commitments

- (a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 57.20 million (March 31, 2016 - ₹100.92 million; April 1, 2015 - ₹ 526.46 million).

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

- (b) At March 31, 2017, the Group has given ₹ 15,996.19 million (March 31, 2016 - ₹ 17,236.64 million; April 1, 2015 - ₹ 16,451.06 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.
- (c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2017 the Group has paid ₹ 5,087.99 million (March 31, 2016 - ₹ 3,983.18 million; April 1, 2015 - ₹ 3,059.14 million) as refundable deposit (undiscounted) against the joint development agreements.
- (d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.

#### c. Contingent liabilities (to the extent not provided for)

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
i Guarantees given by the Group	2,887.87	2,753.00	4,235.14
ii Income tax matters in dispute	1,508.66	1,250.90	3.94
iii Sales tax matters in dispute	1,004.18	776.80	331.37
iv Service tax matters in dispute	2,432.52	2,432.52	1,636.70
v Excise duty matters in dispute	10.75	6.67	-
	<b>7,843.98</b>	<b>7,219.89</b>	<b>6,207.15</b>

The Group does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

#### Other litigations

- (a) Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Group, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.
- (b) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 38 Construction contracts

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2017 *	19,719.18	16,751.56
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2017 for all the contracts in progress	57,569.44	44,885.82
The amount of customer advances outstanding for contracts in progress as at March 31, 2017 for which revenue has been recognised	7,066.24	5,707.48
The amount of work-in-progress and value of inventories	16,758.49	17,079.71
The amount of retentions due from customers for contracts in progress as at March 31, 2017	373.39	402.33

\* The Group has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2017 is lower by ₹ 561 million (March 31, 2016 - ₹ 839 million; April 1, 2015 - ₹ 343 million).

#### 39 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:			
Trade Payables	14.79	3.74	18.03

- 40** Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under “The Micro, Small and Medium Enterprises Development Act, 2006” as at March 31, 2017.

#### 41 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

Particulars	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Opening capital work in progress	447.87	519.12	412.23
Add: Expenses incurred during the year			
Purchase of project materials	118.39	0.85	2.78
Subcontractor and other charges	93.29	43.18	50.68
Salaries, wages and bonus	20.98	11.53	8.04
Rent	10.55	17.57	13.30
Others	101.76	80.03	32.05
<b>Sub-total</b>	<b>344.97</b>	<b>153.16</b>	<b>106.85</b>
Less: Expenses incurred for Joint owner	-	(224.41)	-
Closing capital work in progress	792.84	447.87	519.08

#### 42 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 33.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 43 Fair value measurements

The carrying value of financial instruments by categories is as follows:

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost
<b>Financial assets</b>									
Investments	-	0.10	0.08	95.15	0.10	198.58	64.86	0.10	398.58
Trade receivables	-	-	2,410.11	-	-	2,787.10	-	-	1,985.90
Cash and cash equivalents	-	-	1,240.98	-	-	1,135.23	-	-	1,029.14
Bank balance other than cash and cash equivalents	-	-	227.27	-	-	50.20	-	-	222.04
Loans	-	-	-	-	-	-	-	-	47.11
Other financial assets	-	-	8,993.99	-	-	7,347.67	-	-	7,163.06
<b>Total</b>	-	<b>0.10</b>	<b>12,872.43</b>	<b>95.15</b>	<b>0.10</b>	<b>11,518.78</b>	<b>64.86</b>	<b>0.10</b>	<b>10,845.83</b>
<b>Financial liabilities</b>									
Borrowings	-	-	21,795.15	-	-	20,978.00	-	-	19,436.70
Trade payables	-	-	7,693.29	-	-	3,182.44	-	-	3,708.18
Other financial liabilities	-	-	3,923.04	-	-	3,456.43	-	-	1,842.55
<b>Total</b>	-	-	<b>33,411.48</b>	-	-	<b>27,616.87</b>	-	-	<b>24,987.43</b>

#### Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Carrying amount	Fair value Level 1	Fair value Level 2	Carrying amount	Fair value Level 1	Fair value Level 2	Carrying amount	Fair value Level 1	Fair value Level 2
<b>Financial assets</b>									
Investments carried at fair value through profit and loss	0.10	-	-	0.10	-	-	0.10	-	-
Investments at amortized cost	0.08	-	-	198.58	-	-	398.58	-	-
	<b>0.18</b>	-	-	<b>198.68</b>	-	-	<b>398.68</b>	-	-
<b>Assets for which fair value are disclosed</b>									
Investment properties	1,979.47	-	-	1,997.02	-	-	-	-	-
	<b>1,979.47</b>	-	-	<b>1,997.02</b>	-	-	-	-	-

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as trade receivables, loans and advances, other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets & liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 44 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

##### A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

##### a. 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in interest rate	₹ million Effect on profit before tax *
<b>March 31, 2017</b>		
INR	+1%	(188.92)
INR	-1%	188.92
<b>March 31, 2016</b>		
INR	+1%	(195.22)
INR	-1%	195.22

\* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

#### B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

##### Trade receivables

- Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.
- Receivables resulting from leasing of properties: Group has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by the management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals.
- Receivables resulting from other than sale of properties and leasing of properties : Credit risk is managed by each business unit subject to the Groups's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group's credit period generally ranges from 30-60 days.

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### Financial Instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2017 and 2016 is the carrying amounts.

#### C Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand ₹ million	Less than 3 months ₹ million	3 to 12 months ₹ million	1 to 5 years ₹ million	> 5 years ₹ million	Total ₹ million
<b>Year ended March 31, 2017</b>						
Borrowings	2,060.63	1,260.70	4,231.79	13,642.03	600.00	21,795.15
Trade payables	-	2,460.93	713.08	4,517.98	1.30	7,693.29
Other financial liabilities	33.58	608.47	1,198.53	2,082.46	-	3,923.04
	<b>2,094.21</b>	<b>4,330.10</b>	<b>6,143.40</b>	<b>20,242.47</b>	<b>601.30</b>	<b>33,411.48</b>
<b>Year ended March 31, 2016</b>						
Borrowings	339.99	1,838.57	5,941.98	12,857.46	-	20,978.00
Trade payables	-	2,166.95	685.11	318.78	11.60	3,182.44
Other financial liabilities	48.27	371.09	1,193.02	1,844.05	-	3,456.43
	<b>388.26</b>	<b>4,376.61</b>	<b>7,820.11</b>	<b>15,020.29</b>	<b>11.60</b>	<b>27,616.87</b>
<b>As at April 1, 2015</b>						
Borrowings	2,130.46	1,849.84	2,764.47	12,691.93	-	19,436.70
Trade payables	-	2,612.18	400.68	676.58	18.74	3,708.18
Other financial liabilities	3.23	59.56	773.98	1,005.78	-	1,842.55
	<b>2,133.69</b>	<b>4,521.58</b>	<b>3,939.13</b>	<b>14,374.29</b>	<b>18.74</b>	<b>24,987.43</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 45 Capital management

For the purpose of the Groups's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables(excluding Liability under JDA), less cash and cash equivalents.

	31-Mar-17 ₹ million	31-Mar-16 ₹ million	1-Apr-15 ₹ million
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 17 & 18)	22,219.49	21,802.87	19,877.85
Trade payables (Note 21)	7,693.29	3,182.44	3,708.18
Other payables (current and non-current, excluding current maturities of long term borrowings) (Note 18 & 22)	13,144.86	11,006.82	8,023.29
Less: Cash and cash equivalents (Note 13)	(1,468.25)	(1,185.43)	(1,251.18)
<b>Net debt</b>	<b>41,589.39</b>	<b>34,806.70</b>	<b>30,358.14</b>
Equity share capital	963.05	980.64	980.64
<b>Other equity</b>	<b>25,481.73</b>	<b>24,667.49</b>	<b>24,115.68</b>
<b>Total capital</b>	<b>26,444.78</b>	<b>25,648.13</b>	<b>25,096.32</b>
<b>Capital and net debt</b>	<b>68,034.17</b>	<b>60,454.83</b>	<b>55,454.46</b>
Gearing ratio	61.13%	57.57%	54.74%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

#### 46 First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for investment property covered by Ind AS 40 Investment Properties. Accordingly, the Group has elected to measure all of its property, plant and equipment and investment property at their previous GAAP carrying value.
- Ind AS 27 requires investments in subsidiaries to be recorded at cost or in accordance with Ind AS 109 in its separate financial statements. However Ind AS 101 provides an option in case the Group decides to measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) at that date. The Group can avail the above exemption and recognize the investment in subsidiaries at the previous GAAP carrying amount at the date of transition to Ind AS.

The Group has also prepared a reconciliation of equity as at March 31, 2016 and April 1, 2015 under the Previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of balance sheet which is presented below:

	31-Mar-16 ₹ million	1-Apr-15 ₹ million
<b>Equity under previous GAAP</b>	<b>25,614.25</b>	<b>24,317.53</b>
<i>Adjustments (net of tax):</i>		
Impact of fair valuation of financial assets and financial liabilities	(40.14)	(37.25)
Impact on accounting for Real Estate and Contractual Projects (including JDA accounting)	(369.70)	(214.75)
Proposed dividend (including tax)	236.06	827.00
Other adjustments	207.66	203.79
<b>Equity under Ind AS</b>	<b>25,648.13</b>	<b>25,096.32</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

The Group has prepared a reconciliation of the net profit for the previous year ended March 31, 2016 under the Previous GAAP with the total comprehensive income as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of profit and loss which is presented below:

	<b>31-Mar-16</b>
	<b>₹ million</b>
<b>Net profit as per previous GAAP</b>	<b>1,532.78</b>
Fair valuation of financial assets and financial liabilities	(4.42)
Impact on accounting for Real Estate and Contractual Projects (including JDA accounting)	(236.96)
Employee benefit expenses [Actuarial (gain)/loss]	2.82
Adjustment on account of treatment of subsidiary as jointly controlled entity	(21.00)
Other adjustments	27.87
Tax expense impact of above adjustments	79.56
<b>Net profit as per Ind AS (A)</b>	<b>1,380.65</b>
<b>Other comprehensive income:</b>	
Actuarial gain/(loss) on defined benefit obligations - Gratuity (net of tax expense)	(1.84)
<b>Total (B)</b>	<b>(1.84)</b>
<b>Total comprehensive income (A+B)</b>	<b>1,378.81</b>

#### Notes to reconciliations between previous GAAP and Ind AS

##### a) Financial assets at amortized cost

Under Indian GAAP, there are certain security deposits and refundable deposits which are carried at nominal value. Ind AS requires to measure these assets at fair value at inception and subsequently these assets are measured at amortized cost. At inception date, Group recognises difference between deposit fair value and nominal value as deferred lease expenses and same is being recognised as lease expenses on straight line basis over the lease period. Further, Group recognises notional interest income on these deposit over the lease term. In case of refundable deposits for joint development arrangement, difference between nominal value and fair value of deposit is treated as land cost and interest income recognised over the period of deposit is reduced from construction cost.

##### b) Financial liabilities at amortized cost

Under Indian GAAP, there are certain payable to related parties which are carried at nominal value. Ind AS requires to measure these payables at fair value on inception. At inception date, Group recognises difference between fair value and nominal value as deferred income and same is being recognised on straight line basis over the period. Further, Group also recognises notional interest income on payables over the term.

##### c) Gross accounting for joint development arrangements

Group has entered into certain joint development arrangements. In such a situation, revenue is recognised on gross basis. Since the goods exchanged under joint development arrangement i.e. land with flats are in dissimilar in nature, as per para 12 of Ind AS 18, the exchange is regarded as a transaction which generates revenue. Group has measured revenue at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. Since, fair



## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

value of the goods or services received cannot be measured reliably, revenue is measured in relation to transfer of constructed property to land owners on the basis of fair value of services provided to the landlord. Further, Group has recognised land with corresponding credit to "land cost payable" to account for land received under Joint development arrangement.

#### d) Proposed dividend

Under Indian GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of financial statements were considered as adjusting events. Accordingly provision for proposed dividend was recognised as a liability. Under Ind AS such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings. Consequently the total equity increased by an equivalent amount.

#### e) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Group has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### f) Deferred tax

Indian GAAP required deferred tax accounting using the income statement approach, which focusses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focusses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP. In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

#### g) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit/loss to profit/loss as per Ind AS. Further, Indian GAAP profit/loss is reconciled to total comprehensive income as per Ind AS.

## 47 Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below. In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The Group intends to adopt this standard and amendments when it becomes effective.

**Sobha Limited****Notes to the consolidated financial statements for the year ended March 31, 2017****Ind AS 115 - Revenue from Contracts with Customers**

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018. The Group will adopt the new standard on the required effective date. The directors of the Group anticipate that the application of the standard will be applicable only to certain streams of revenue and will not have a material impact on the financial statements.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The amendments are effective for annual reporting periods beginning on or after April 1, 2017. The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

## Sobha Limited

Notes to the consolidated financial statements for the year ended March 31, 2017

### 48 Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended March 31, 2017 and March 31, 2016.

March 31, 2017

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated comprehensive income	₹ million
<b>Parent</b>								
Sobha Limited	83.20%	25,145.88	91.96%	1,402.84	100.00%	1.33	91.96%	1,404.17
<b>Subsidiaries</b>								
<b>Indian</b>								
Sobha City [Partnership firm]	7.71%	2,330.95	-7.21%	(110.06)	0.00%	-	-7.21%	(110.06)
Vayaloor Properties Private Limited	0.01%	2.07	0.00%	-	0.00%	-	0.00%	-
Vayaloor Builders Private Limited	0.01%	3.40	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.31	0.00%	-	0.00%	-	0.00%	-
Vayaloor Real Estate Private Limited	0.01%	3.43	0.00%	-	0.00%	-	0.00%	-
Vayaloor Realtors Private Limited	0.00%	0.72	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Velasai Vettikadu Realtors Private Limited	0.00%	1.48	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Developers (Pune) Limited	6.72%	2,031.85	-1.48%	(22.60)	0.00%	-	-1.48%	(22.60)
Sobha Assets Private Limited	0.00%	0.04	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Highrise Ventures Private Limited (Subsidiary w.e.f. February 01, 2017)	1.95%	589.98	5.83%	88.89	0.00%	-	5.82%	88.89
Sobha Nandambakkam Developers Limited	0.16%	47.73	1.74%	26.53	0.00%	-	1.74%	26.53
Sobha Tambaram Developers Limited	0.21%	64.18	2.28%	34.73	0.00%	-	2.27%	34.73
<b>Joint ventures (Investment as per the equity method)</b>								
Sobha Highrise Ventures Private Limited (Joint venture till January 31, 2017)	0.00%	-	6.90%	105.25	0.00%	-	6.89%	105.25
<b>Sub total</b>	<b>100.00%</b>	<b>30,225.02</b>	<b>100.00%</b>	<b>1,525.56</b>	<b>100.00%</b>	<b>1.33</b>	<b>100.00%</b>	<b>1,526.89</b>
Adjustments arising out of consolidation		(3,779.64)		83.82		-		83.82
<b>Total</b>		<b>26,445.38</b>		<b>1,609.38</b>		<b>1.33</b>		<b>1,610.71</b>

**Sobha Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2017**  
**March 31, 2016**

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
<b>Parent</b>								
Sobha Limited	81.24%	24,553.92	81.75%	1,247.17	-138.35%	(1.84)	81.56%	1,245.33
<b>Subsidiaries</b>								
<b>Indian</b>								
Sobha City [Partnership firm]	7.09%	2,141.91	5.52%	84.19	0.00%	-	5.51%	84.19
Vayaloor Properties Private Limited	0.01%	2.07	0.00%	-	0.00%	-	0.00%	-
Vayaloor Builders Private Limited	0.01%	3.39	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.31	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.73	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.00%	1.49	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	6.80%	2,054.45	5.07%	77.36	0.00%	-	5.07%	77.36
Sobha Assets Private Limited	0.00%	0.05	0.00%	(0.01)	0.00%	-	-0.00%	(0.01)
Sobha Nandambakkam Developers Limited	0.07%	21.20	1.37%	20.87	0.00%	-	1.37%	20.87
Sobha Tambaram Developers Limited	0.10%	29.45	1.90%	28.98	0.00%	-	1.90%	28.98
<b>Joint ventures (Investment as per the equity method)</b>								
Sobha Highrise Ventures Private Limited	0.00%	-	0.57%	8.62	0.00%	-	0.56%	8.62
<b>Sub total</b>	<b>95.34%</b>	<b>28,815.40</b>	<b>96.18%</b>	<b>1,467.21</b>	<b>-138.35%</b>	<b>-1.84</b>	<b>95.97%</b>	<b>1,465.37</b>
Adjustments arising out of consolidation		(3,168.52)		(87.81)		-		(87.81)
<b>Total</b>		<b>25,646.88</b>		<b>1,379.40</b>		<b>-1.84</b>		<b>1,377.56</b>

## Sobha Limited

### Notes to the consolidated financial statements for the year ended March 31, 2017

#### 49 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Group is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

#### 50 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru, India  
Date: May 16, 2017

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman  
DIN: 02070036

Subhash Bhat  
Chief Financial Officer

Place: Bengaluru, India  
Date: May 16, 2017

J.C. Sharma  
Vice Chairman and  
Managing Director  
DIN: 01191608

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

## Form AOC – I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of Subsidiaries, Associate Companies / Joint Ventures

#### Part “A”: Subsidiaries

	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited	Sobha Assets Private Limited	Sobha Tamaram Developers Limited	Sobha Nandambakkam Developers Limited
Reporting Period	2016-17	2016-17	2016-17	2016-17	2016-17
Reporting Currency	INR in million	INR in million	INR in million	INR in million	INR in million
Share Capital	0.53	206.00	0.10	0.50	0.50
Reserve and Surplus	2,031.32	383.98	(0.06)	63.68	47.28
Total Assets	2,227.50	1,177.28	78.50	70.94	137.32
Total Liabilities	195.66	587.30	78.46	6.76	89.55
Investments	4.40	-	-	-	-
Turnover	589.66	1,879.06	-	84.88	82.23
Profit before Taxation	8.35	426.19	(0.01)	51.86	39.69
Provision for Taxation	30.96	148.51	-	17.15	13.12
Profit after Taxation	(22.61)	277.68	(0.01)	34.71	26.57
Proposed Dividend	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%

- Names of subsidiaries which are yet to commence business: None
- Names of subsidiaries which have been liquidated or sold during the year: None

#### Part “B”: Associates and Joint Ventures: Not applicable

For and on behalf of the Board of Directors of  
Sobha Limited

Ravi PNC Menon  
Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

Subhash Bhat  
Chief Financial Officer

Vighneshwar G Bhat  
Company Secretary and  
Compliance Officer

Place: Bengaluru, India  
Date: May 16, 2017

# Notice of Annual General Meeting

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of Sobha Limited will be held on Friday, the 4<sup>th</sup> day of August 2017 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2017, 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.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. J C Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification (s), the following resolution as an *Ordinary Resolution*:

**"RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022) be and are hereby appointed as the Statutory Auditors of the Company in place of retiring Statutory Auditors, Messrs S R BATLIBOI & ASSOCIATES LLP (Firm Registration No.101049W/E300004), to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company, subject to ratification of their appointment by the Members at every Annual General Meeting, at such remuneration to be recommended by the Audit Committee of the

Board of Directors and finalized by the Board of Directors in consultation with the Statutory Auditors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

## SPECIAL BUSINESS:

5. Ratification of remuneration payable to Cost Auditors.

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and of any other law for the time being in force, the consent of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹ 165,000 (Rupees One Lakh and Sixty Five Thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2016-17.

**RESOLVED FURTHER THAT** any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

**By Order of the Board of Directors**

**For Sobha Limited**



**Vighneshwar G Bhat**  
Company Secretary &  
Compliance Officer

**Place: Bangalore**  
**Date: May 16, 2017**

## NOTES:

### Voting

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN 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 MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.
3. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, additional information on director liable to retire by rotation and seeking re-election is provided separately.
4. Members / Proxy Holders are requested to bring the duly completed and signed Attendance Slip along with their copy of the Annual Report to the meeting.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their

representative to attend the meeting on their behalf.

6. Members may note that the Notice of the Twenty Second Annual General Meeting and the Annual Report 2017 will be available on the Company's website [www.sobha.com](http://www.sobha.com). The Notice of Annual General Meeting shall also be available on the website of NSDL viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
7. The present Statutory Auditors, Messrs S R BATLIBOI & ASSOCIATES LLP (Firm Registration No.101049W/E300004) will hold the Office upto the conclusion of ensuing Annual General Meeting and are not eligible for re-appointment as Statutory Auditors of the Company as per Companies Act, 2013. Accordingly, the Board of Directors have recommended the appointment of Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as Statutory Auditors, in place of Messrs S R BATLIBOI & ASSOCIATES LLP, the retiring Auditors, for a period of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting, subject to ratification of their appointment by the Members at every Annual General Meeting.
8. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), listed companies are required to provide members with the facility to exercise their votes at general meetings through electronic means. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary remote e-voting platform to the members of the Company.
9. **The e-voting period shall commence on August 1, 2017 at 9:00 AM and end on August 3, 2017 at 5:00 PM. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, it cannot be changed subsequently.**



**10. In terms of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company will conduct a poll on the day of the meeting and members who have not cast their vote through remote e-voting, shall be able to exercise their right by voting in the poll.**

**11. Members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. July 28, 2017 will be eligible to cast their vote electronically or by way of poll.**

12. The Board of Directors has appointed Mr. Nagendra D Rao, Practising Company Secretary (Membership No. 5553, COP No. 7731) and in his absence Mr. Natesh K, Practising Company Secretary (Membership No. 6835, COP No. 7277) as the Scrutinizer for conducting the remote e-voting and poll process in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the annual general meeting, prepare a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL.

13. Detailed instructions on the e-voting procedure:

**For shareholders receiving e-mail communication from NSDL:**

- a) Open e-mail and open PDF file viz; "remote e-Voting.pdf" [with your Client ID or Folio No. as password] containing your User ID and Password for e-voting. Please note that the password is an initial password and you will be prompted to reset the password on login.
- b) Launch internet browser and type the following URL: <https://www.evoting.nsdl.com>

- c) Click on "Shareholder - Login"
- d) Type User ID and Password [initial password noted in the step above]. Click Login.
- e) Password change menu will appear. Reset the password with a new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. Do not share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of "remote e-voting" will open. Click on "remote e-voting: --- Active Voting Cycles."
- g) Select "EVEN" of Sobha Limited.
- h) Now you are ready for "remote e-voting" as "Cast Vote" page opens.
- i) Cast your vote by selecting the appropriate option and click on "Submit" and "Confirm" when prompted.
- j) **Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the Board Resolution / Authority Letter together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through E-mail [nagendradrao@gmail.com](mailto:nagendradrao@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).**

**For shareholders' receiving physical copy of Notice of Annual General Meeting:**

Initial password is provided at the bottom of the Attendance Slip which is being sent separately along with the Annual Report. Please follow all steps mentioned above except 13(a) to cast your vote.

**For shareholders' who have become members of the Company after the despatch of Notice of Annual General Meeting:**

Members who have acquired the shares of the Company after the despatch of the Notice of Annual General Meeting and whose name appears in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. July 28, 2017 will be eligible to cast their vote through remote e-voting.

Such members may obtain the login ID and password by sending a request to any of the following email ids:

1. To NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. To the Registrar and Share Transfer Agents at [evoting@linkintime.co.in](mailto:evoting@linkintime.co.in)
3. To the Company at [investors@sobha.com](mailto:investors@sobha.com)

However, if a member is already registered with NSDL for remote e-voting, then he/she can use his/her existing user ID and password for casting his/her vote. If the member do not remember his/her password, he/she can reset his/her password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no. 1800-222-990.

Thereafter, members are request to follow the steps mentioned above to cast the vote.

14. Shareholders can update their mobile number and email ID in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-voting system in future.
15. In case of any queries, shareholders may refer the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders available in the "Downloads" section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on the toll free no.: 1800-222-990. Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.
16. Members who have cast their vote through remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

17. All documents referred to in the accompanying Notice and Statement annexed to thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of Annual General Meeting.

## DIVIDEND

18. The Register of Members and the Share Transfer Books of the Company shall remain closed on July 24, 2017.
19. The Dividend if approved by the members at the Annual General Meeting will be deposited in a separate bank account within 5 days from the date of the Annual General Meeting and the same will be paid to the shareholders on or before August 31, 2017.
20. The Dividend will be paid by the Company through:
  - a) Real Time Gross Settlement (RTGS) or National Electronic Fund Transfer (NEFT) or National Electronic Clearing System (NECS) or Electronic Clearing System (ECS) to those members who have registered their bank details with the Depository Participants or the Company as the case may be.
  - b) Dividend warrants to the remaining members.

## INVESTOR CLAIMS

21. Members who have not yet encashed their dividend warrants for the earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to: [investors@sobha.com](mailto:investors@sobha.com) to claim the dividend. Details of unclaimed dividend as on 30.11.2016 are available in the investors section of the website of the Company [www.sobha.com](http://www.sobha.com)

During the financial year 2017-18, the Company will be required to transfer to the Investor Education and Protection Fund, dividend declared in the Annual General Meeting of the Company held on 11<sup>th</sup> June, 2010, and which is

lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account.

22. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com). Details of unclaimed equity shares are available in the investors section of the website of the Company [www.sobha.com](http://www.sobha.com)

## INVESTOR SERVICING

23. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400083.

Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the Depositories while making the payment of Dividend.

24. All Investor Queries / Complaints / Grievances may be addressed to the Secretarial

Department at the Registered and Corporate Office of the Company or by sending an email to [investors@sobha.com](mailto:investors@sobha.com)

Members can also write to M/s. Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. or send an email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## OTHERS

25. The Route Map of the venue of the Annual General Meeting forms part of this Notice and is published elsewhere in the Annual Report of the Company.
26. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 directs listed companies to send soft copies of the annual report to those shareholders who have registered their email address. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit prescribed companies to send notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

## STATEMENT ANNEXED TO NOTICE

[PURSUANT TO PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

### Item No. 5

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2016-17. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹ 165,000 (Rupees One Lakh and Sixty Five Thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2016-17.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

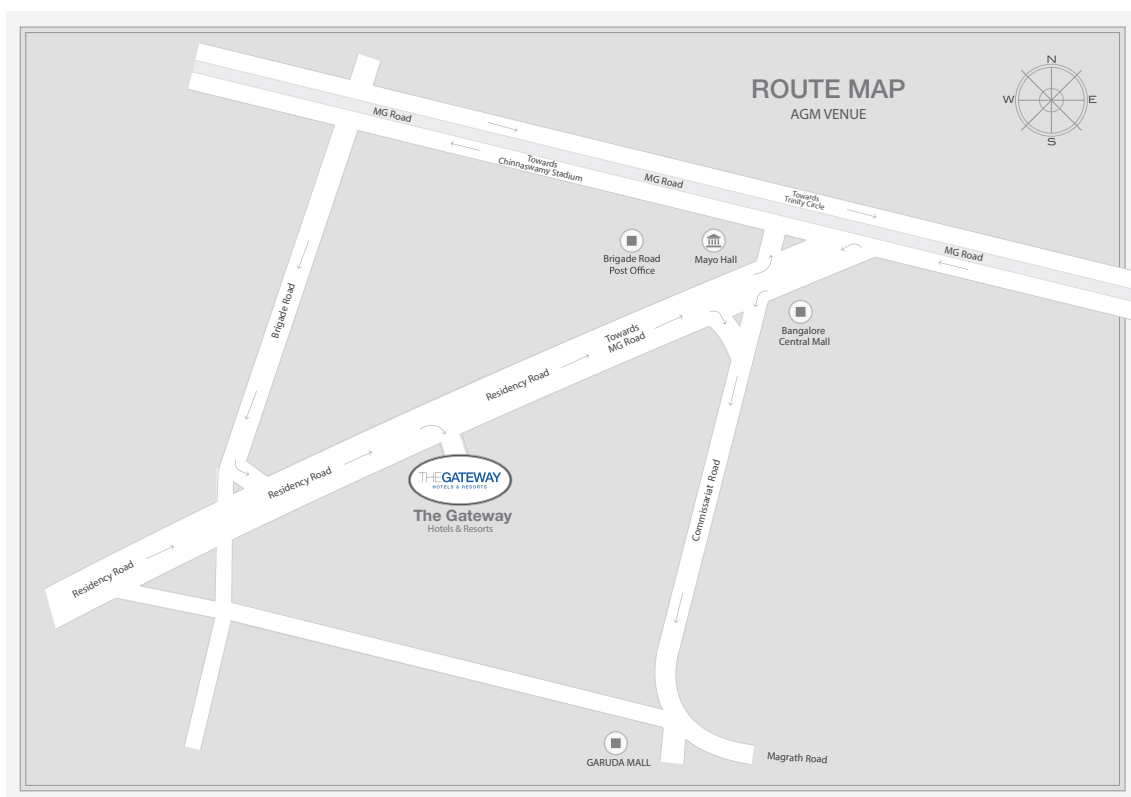
Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 5 for approval by the Members.

**Additional Information on the Director seeking  
re-election at the Annual General Meeting**

Name of Director	Mr. J C Sharma
Age	59 Years
Date of First Appointment	April 01, 2003
Qualifications	B.Com (Honours), ACA, ACS
Experience	35 years cumulative experience inclusive of 16 years in the Company.
No. of Board Meetings attended during the financial year 2016-17	5
Expertise in specific functional areas	Mr. J.C. Sharma has over 35 years of experience in diversified industries such as real estate, automobiles, textiles and steel.  Mr. J.C. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is responsible for achieving the goals of the Company. He plays an active role in overall growth of the Company.
Details of Remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on July 11, 2014. The remuneration paid/payable for the financial year 2016-17 is disclosed in the Corporate Governance Report forming part of the Annual Report.
Directorship and membership of Committees of the Board held in other listed companies	None
Directorships held in other public limited companies	Sobha Assets Private Limited & Sobha Developers (Pune) Limited, Sobha Highrise Ventures Private Limited [Subsidiaries of Sobha Limited, a public company]
Committee positions held in other companies	Audit Committee – Sobha Developers (Pune) Limited
Relationship with other Directors and Key Managerial Personnel	None
Number of shares held as on May 16, 2017	40,015 Equity Shares of ₹ 10 each  10,000 Equity Shares of ₹ 10 each held by relatives
Terms and Conditions of Appointment	The terms and conditions of appointment continue to be governed by the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on July 11, 2014.



Twenty Second Annual General Meeting of the Members of Sobha Limited is scheduled on Friday, the 4<sup>th</sup> day of August 2017 at 4:00 PM

Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025

## PROXY FORM

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

### SOBHA LIMITED

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore – 560 103

Name of Member(s)

Registered Address

Email Id

Folio No / Client ID

DP ID

I/We, being the member (s) of ..... shares of the above named Company, hereby  
appoint:

1. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

2. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

3. Name.....Address.....

.....

Email ID.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company, to be held on Friday, the 4<sup>th</sup> day of August 2017 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No**

1. To receive, consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2017.
2. To declare dividend on equity shares
3. To appoint a Director in place of Mr. J C Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for reappointment.
4. To approve appointment of Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022) as the Statutory Auditors of the Company.
5. Ratification of remuneration payable to M/s Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company.

Signed this ..... day of ..... 2017.

Signature of Shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

**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.**





## SOBHA LIMITED

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103

### Attendance Slip

<b>Registered Folio / DP ID &amp; Client ID</b>	
<b>Name and address of the Shareholder</b>	

1. I hereby record my presence at the **Twenty Second Annual General Meeting** of the Company held on Friday, the 4<sup>th</sup> day of August 2017 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM.
2. Signature of the Shareholder / Proxy Present.....
3. Shareholder / Proxy holder wishing to attend the meeting must bring the duly signed Attendance Slip to the meeting.
4. Shareholder/Proxy holder attending the meeting is requested to bring his / her copy of the Annual Report.

**PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING**

.....

### ELECTRONIC VOTING PARTICULARS

E-Voting Event Number [EVEN]	USER ID	PASSWORD

**Note:** Please read the instructions given in the Notes to the Notice of Twenty Second Annual General Meeting dated May 16, 2017. The E-Voting period starts on August 1, 2017 at 9:00 AM and ends on August 3, 2017 at 5:00 PM. The e-voting module shall be disabled by NSDL for voting thereafter.

# Glossary

ADR  
American Depositary Receipts

BBS  
Bar Bending Schedule

BSE  
BSE Limited

CAGR  
Compounded Annual Growth Rate

CARE  
Credit Rating Analysis and Research

CDSL  
Central Depository Services (India) Limited

CEO  
Chief Executive Officer

CFA  
Chartered Financial Analyst

CFL  
Compact Fluorescent Lamp

CFO  
Chief Financial Officer

CII  
Confederation of Indian Industry

CIN  
Corporate Identification Number

CPD  
Concretes Product Division

CREDAI  
Confederation of Real Estate Developers  
Association of India

CRM  
Customer Relationship Management

CSR  
Corporate Social Responsibility

Demat  
Dematerialised Account

DG  
Diesel Generator

DIN  
Director Identification Number

EBITDA  
Earnings before Interest, Depreciation and  
Amortisation

ECS  
Electronic Clearing System

EHS  
Environment, Health & Safety

EPS  
Earnings Per Share

ERP  
Enterprise Resource Planning

EVEN  
E-Voting Event Number

FDI  
Foreign Direct Investment

FICCI  
Federation of Indian Chambers of Commerce and  
Industry

FII  
Foreign Institutional Investors

FIPB  
Foreign Investment Promotion Board

FSI  
Floor Space Index

GDP  
Gross Domestic Product

GDR  
Global Depositary Receipts

GFRC  
Glass Fiber Reinforced Concrete

HSS  
Higher Secondary School

HUF  
Hindu Undivided Family

HVAC  
Heating, Ventilating and Air Conditioning

ICRA  
ICRA Limited [Formerly Investment Information and  
Credit Rating Agency of India Limited]

IEPF  
Investor Education and Protection Fund

IGBC Indian Green Building Council	PAT Profit after Tax
IPO Initial Public Offer	PBDIT Profit before Depreciation, Interest and Tax
ISIN International Securities Identification Number	PBIT Profit before Interest and Tax
ISO International Organization for Standardization	PBT Profit before Tax
IT / ITES Information Technology / Information Technology Enabled Services	PV Cells Photovoltaic Cells
JD / JV Joint Development / Joint Venture	QST Quality, Safety and Technology
KMP Key Managerial Personnel	R&D Research and Development
LED Light-emitting diode	R&T Agents Registrar and Share Transfer Agents
Listing Regulations SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	RBI Reserve Bank of India
MCA Ministry of Corporate Affairs, New Delhi	RERA Real Estate (Regulation and Development) Act, 2016
MD&A Management Discussion & Analysis	ROCE Return on Capital Employed
MEP Mechanical, Electrical and Plumbing	ROE Return on Equity
NCR National Capital Region	RTGS Real Time Gross Settlement
NEAPS NSE Electronic Application Processing System	SBA Super Built-up Area
NECS National Electronic Clearing System	SCORES SEBI Complaint Redress System
NEFT National Electronic Fund Transfer	SEBI Securities and Exchange Board of India
NRI Non Resident Indian	SVTC Sobha Vocational Training Centre
NSDL National Securities Depository Limited	VFD Variable Frequency Drive
NSE National Stock Exchange of India Limited	WTD Whole-time Director
OHSAS Occupational Health Safety Assessment Series	Y-O-Y Year-on-Year

# Fiscal 2017 Highlights

## Q1 - 2017

Revenues of ₹ 5,818 million with a PBT of ₹ 542 million and PAT of ₹ 360 million

Collections of ₹ 5,808 million

Average cost of debt as end of Q1-17 stood at 11.58%

Completed and handed over 2 real estate projects admeasuring total developed area of 0.95 million square feet

Sold 0.81 million square feet of super built-up area total valued at ₹ 5,131 million (Sobha Share value of ₹ 4,698 million)

## Q2 - 2017

Revenues of ₹ 5,522 million with a PBT of ₹ 612 million and PAT of ₹ 386 million

Collections of ₹ 6,356 million

Average cost of debt as end of Q2-17 stood at 11.26%

Completed and handed over 2 contractual projects admeasuring total developed area of 0.73 million square feet

Sold 0.86 million square feet of super built-up area total valued at ₹ 5,513 million (Sobha Share of ₹ 5,182 million)

Launched 2 projects, 'Sobha Palm Court' at Bangalore and 'Marina One' at Cochin, measuring total saleable area of 3.71 million sq.feet

## Q3-2017

Revenues of ₹ 5,494 million with a PBT of ₹ 537 million and PAT of ₹ 396 million

Collections of ₹ 6,181 million

Average cost of debt as end of Q3-17 stood at 10.99%

Completed and handed over 3 real estate projects and 2 contractual projects admeasuring total developed area of 1.64 million square feet

Sold 0.61 million square feet of super built-up area total valued at ₹ 3,909 million (Sobha Share of ₹ 3,733 million)

The company has been ranked NUMBER ONE by Track2realty's for Best Practice Audit Report-2017

## Q4 - 2017

Revenues of ₹ 6,013 million with a PBT of ₹ 757 million and PAT of ₹ 466 million

Collections of ₹ 6,948 million

Average cost of debt as end of Q4-17 stood at 10.42%

Completed and handed over 2 real estate projects and 6 contractual projects admeasuring total developed area of 1.77 million square feet

Completed first 3 towers of Sobha Dream Acres project (wing 7,8 & 13), 17 months ahead of comitted timeline.

Sold 0.72 million square feet of super built-up area total valued at ₹ 5,572 million (Sobha Share of ₹ 5,049 million)

## Publication Details and Credits

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## Financial Calendar

[tentative and subject to change]

### Board Meetings

- For quarter ending June 30, 2017  
on or before August 4, 2017
- For quarter ending September 30, 2017  
on or before November 14, 2017
- For quarter ending December 31, 2017  
on or before February 14, 2018
- For the year ending March 31, 2018  
on or before May 30, 2018

### Annual General Meeting

- For the year ending March 31, 2018  
on or before August 31, 2018



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Good night. Good day.

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\* CONDITIONS APPLY: DISCOUNTS VALID ON CURRENT MRP. OFFER VALID TILL 31/12/17  
MATTRESS WILL BE SOLD AT MRP. SIZE  
AND VARIANT OF SECOND MATTRESS MUST BE THE SAME  
FOLIO # TO BE PROVIDED WITH THE COUPON FOR REDEMPTION.  
OFFER VALID ON MATTRESSES ONLY



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